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Special Issue
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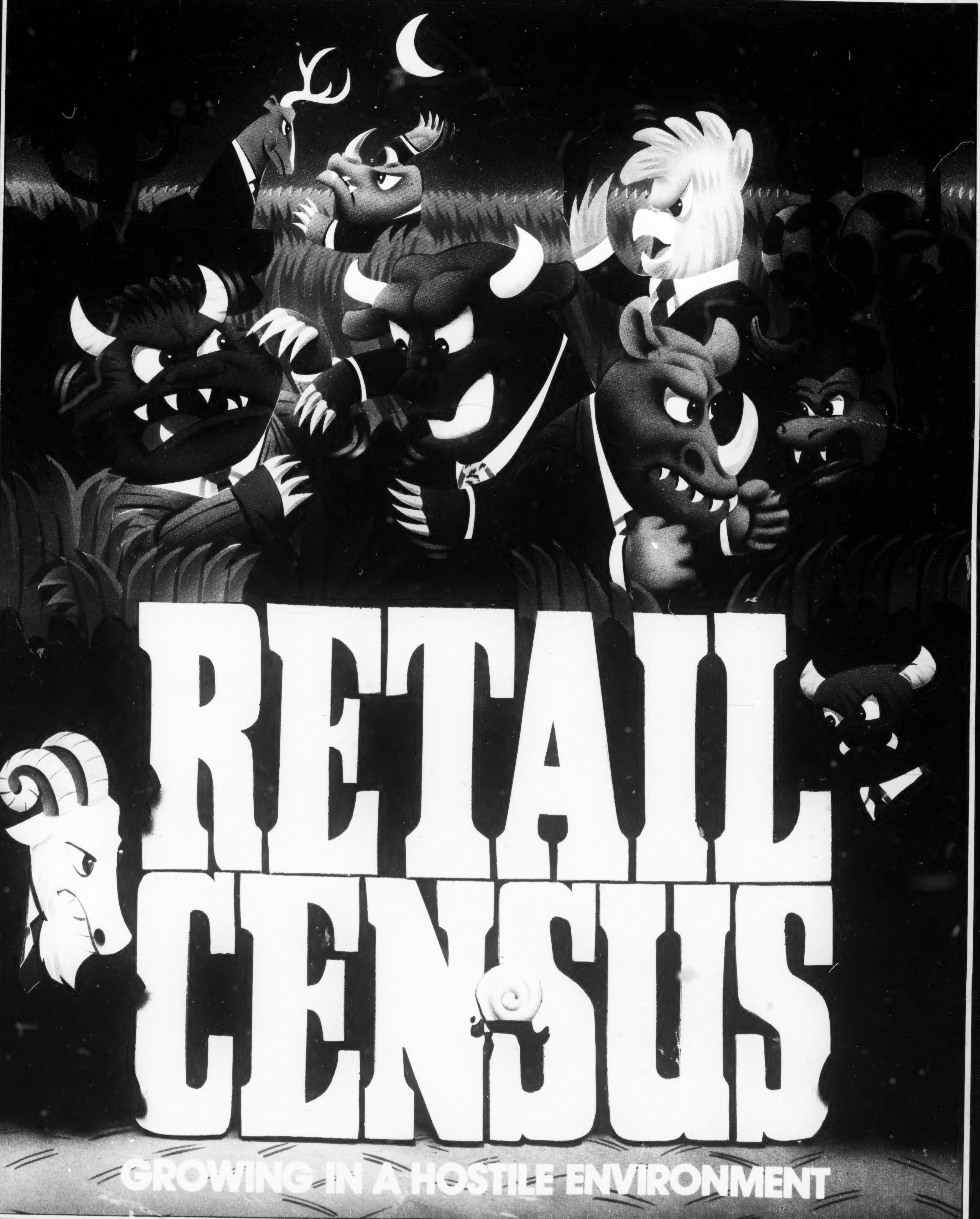
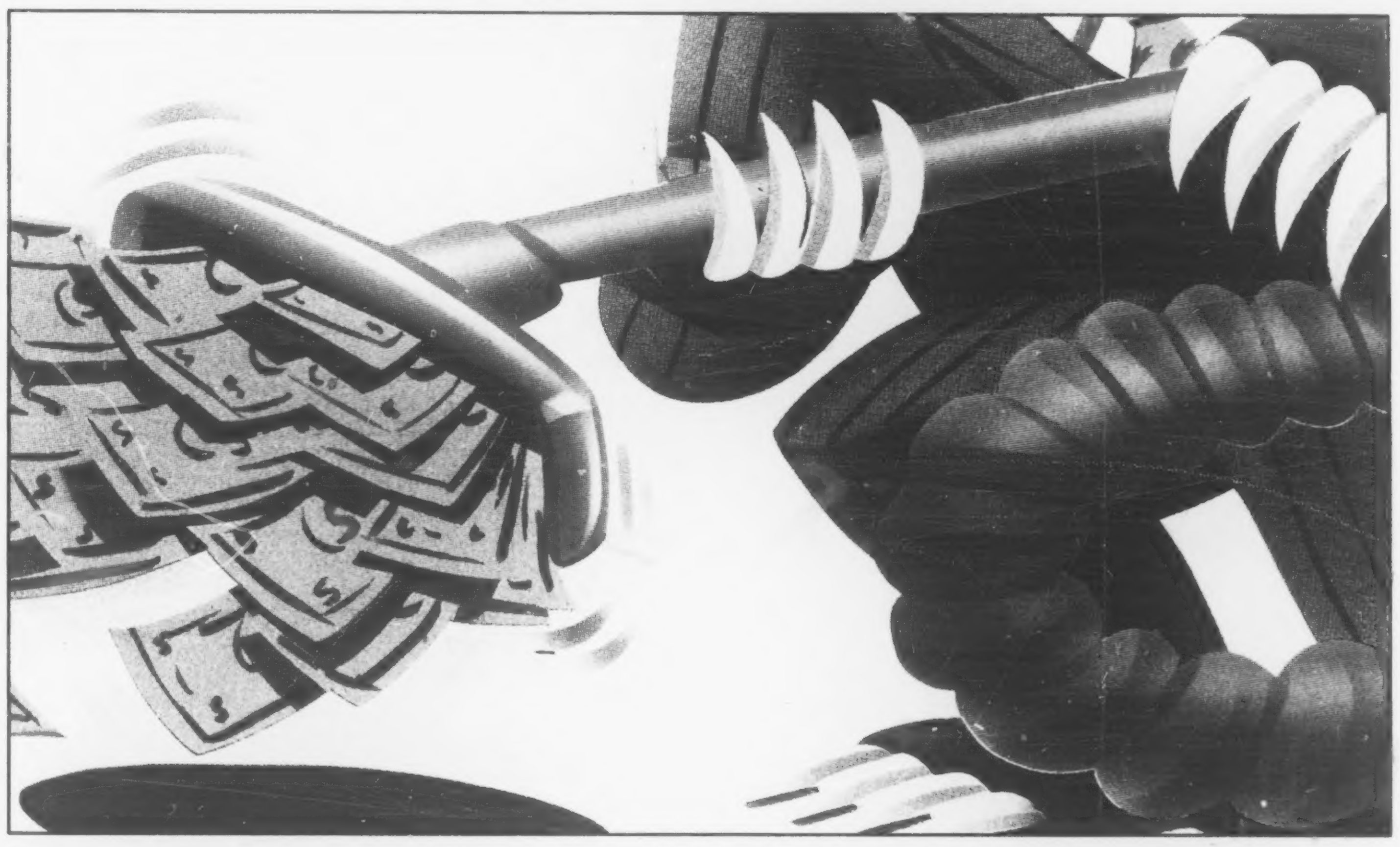


# RETAIL CENSUS

## GROWING IN A HOSTILE ENVIRONMENT

# RETAIL CENSUS

## In This Issue



The $107 billion retail home improvement industry remains extremely fragmented. But slowly, the bigger chains—and particularly those ranking among the 10 largest in sales—are taking a bigger slice of the total market.

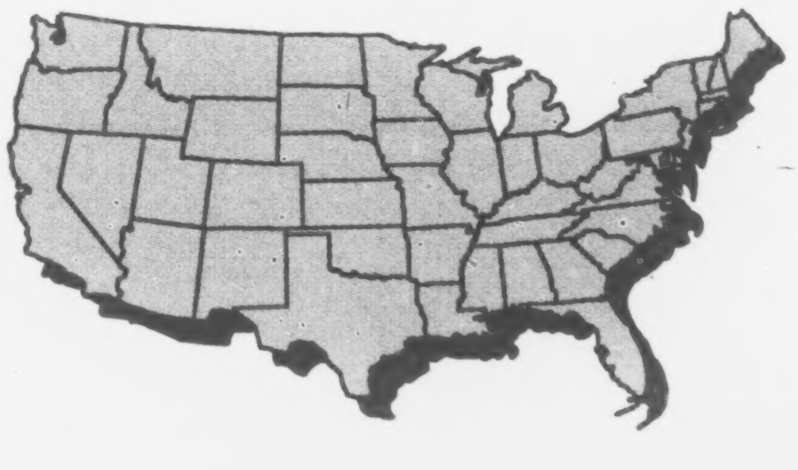
They are doing this with a combination of new store growth and internal store expansion, which has seen the average showroom size increase dramatically and sales per store expand.

But the smaller operators are fighting back with broader product assortments and service. And many of these are willing to concede market share in favor of bottom line stability and growth.

8

The country's home improvement volume remained robust in 1988, growing at a 9 percent pace.

The Southeast was marked by accelerated expansion in Florida and the hints of recovery in Texas. The first signs of slowdown in California appeared, and the Northeast was catching its breath after two solid growth years. And Midwest markets are becoming increasingly important to the vitality of the industry.



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The past four years have seen a slight decline in the number of stores operated by the industry's top 100 home center chains. At the same time the size of stores, particularly among the top 10, has expanded appreciably over this same period, which has translated into a big jump in store sales productivity.

This square footage growth was also evident, but to a lesser degree, among the second tier of 90 companies over this period. But their percentage of the industry's total sales volume has been slipping slightly since 1985, as the major chains penetrate their markets with new—or greatly expanded existing—units.

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## RETAIL CENSUS

# Biggest players sweep up a larger share of the market

**By John Caulfield**

Fish gotta swim, birds gotta fly, and home centers gotta get bigger.

The retail home improvement industry enjoyed another solid year of growth in 1988, with revenues of the top 300 companies jumping 9 percent to $31.8 billion. This was spurred in large measure by the expansion of stores and product assortments by chains and independents alike.

Many, many dealers paid much closer attention to their bottom line last year and laid the groundwork for what they expect to be stronger sales and earnings growth in 1989. Even companies whose profits and revenues were off in 1988 were budgeting for increases of anywhere from 10 percent to 300 percent.

### Industry fragmentation in question

That optimism, though, is couched in uncertainty and outright trepidation about where the industry is headed. Parts of the industry look shaky, as a number of large and mid-sized chains—Grossman's, Channel, Builders Emporium, Orchard Supply Hardware, Williams Brothers—have either been sold or put up for sale. And everyone's wondering where the top handful of companies are directing their energies, as these firms are taking a bigger bite out of the total market than ever before.

Last year confirmed two things: that the home improvement industry is a long way from being controlled by a mammoth few chains, as is the case in discounting; but also that any way you slice it, the big guys in this industry are beginning to wield their considerable clout and conquer more markets.

A few statistics bear these out: It is said that K mart, the discount industry's largest retailer, controls around 20 percent of the market. Lowe's, the biggest home center chain, controlled 3.3 percent of the total $77.2 billion in retail hardlines and building materials sales in 1988.

Sales from all 300 retailers listed in this year's Census accounted for only 41.2 percent of the industry's volume, about the same as in 1987, which means there's a whole bunch of small companies out there still getting three-fifths of the pie.

However, the market share grip of the largest chains is tighter than ever, especially when one compares it to a decade ago.

In 1979, the top 10 companies' sales made up 11.3 percent of the $44.1 billion total. Last year, the top 10 accounted for 17.95 percent of the $77 billion. This becomes even more pronounced when the industry is evaluated in tiers: in 1988, the top 25 chains generated more than one quarter of the industry's sales; the top 50, 30 percent.

The most obvious reason for this segmented consolidation has been the Gen. Sherman-like march on this industry by the warehouse operators, which were virtually non-existent a decade ago except for three Home Depot units.

Now, all three companies—Home Depot, Builders Square and Home-Club—are among the industry's 10 largest companies, and their combined sales last year accounted for almost 6 percent of the total market.

### Growth without growth

The appearance and success of the warehouse units in many ways have revolutionized the thinking of the industry about how their own stores should look and be operated. In no other area is this more true than in store size.

For some, this has meant simply opening larger stores. But adding newer, larger units in this era of bottom-line scrutiny no longer seems as viable an option as it did five years ago. Instead, more companies want more out of what they already operate.

There was new store growth in 1988, but it was marginal: the top 300 chains only opened a combined 129 new units last year, of which 61 were opened by the top 10 chains. And the warehouse operators accounted for a great portion of the store count and square footage gains made last year. But those bare statistics mask the more prevalent internal growth of existing units that was accomplished but dealers large and small.

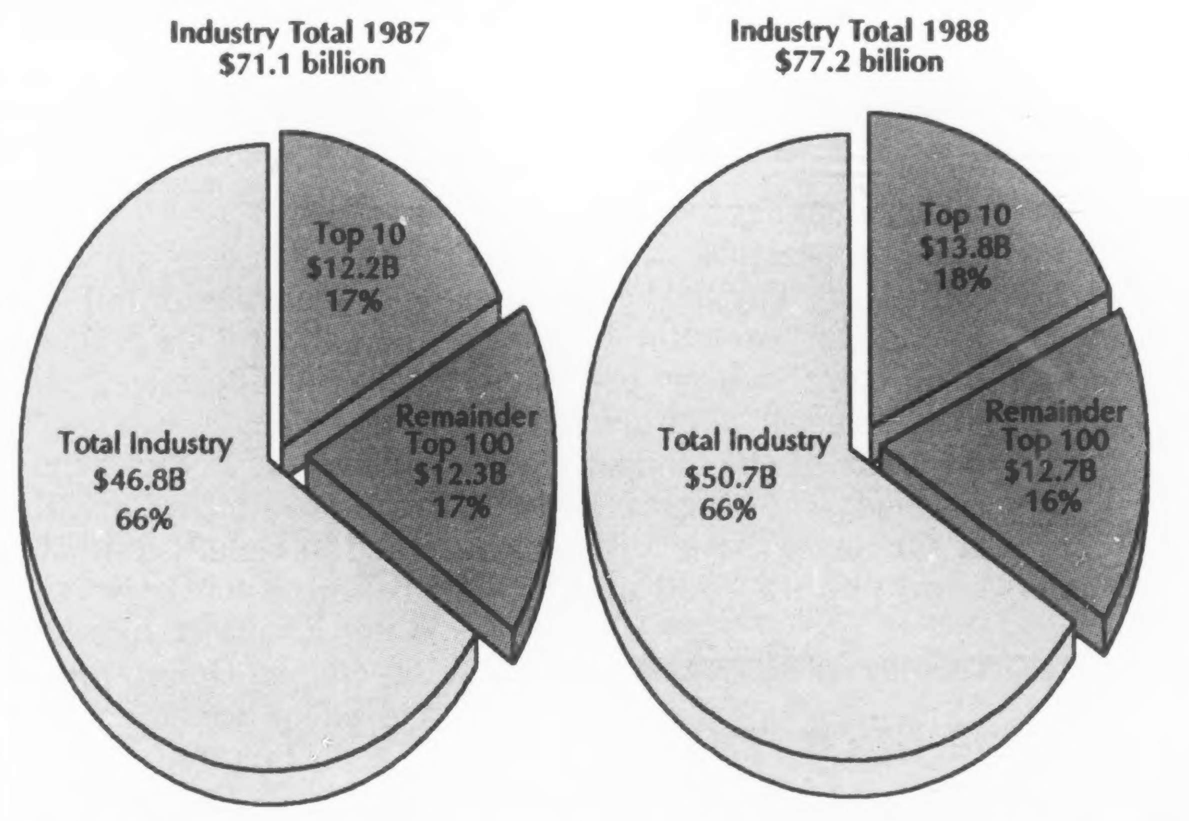
For example, Lowe's had a net gain of only one new store last year. But through remodeling and replacing older units with larger-format new stores, the North Carolina-based chain added 272,912 square feet to the market.

Grossman's has been winnowing down its store count, often replacing two older stores with one new facility. The Braintree, Mass.-based retailer actually reduced its overall store number by 12 to 246 units in 1988, but added an aggregate 280,104 square feet.

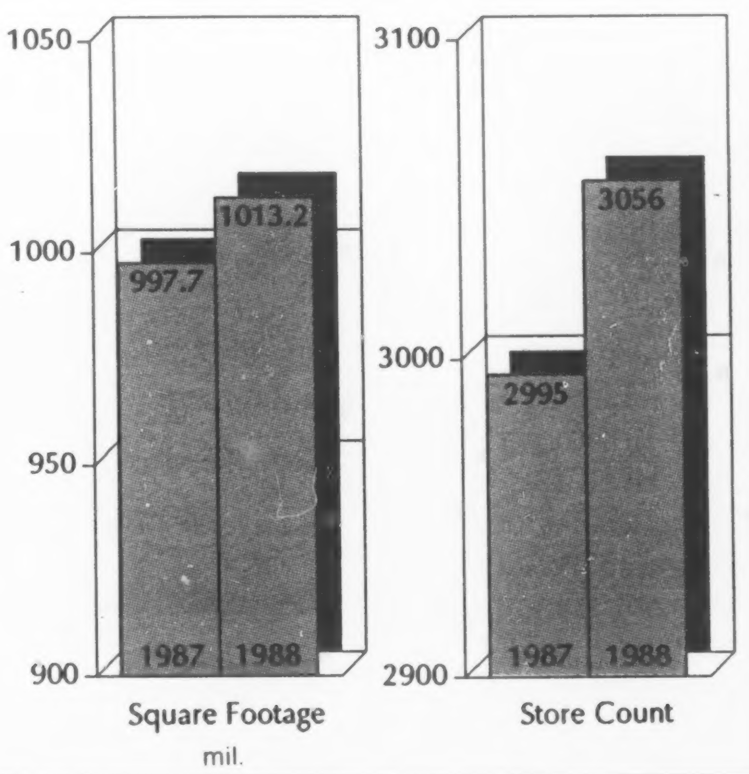
This continued right down the line: Pay 'N Pak opened five stores last year, adding 169,500 square feet, but remodeling expanded existing facilities by another 132,000 square feet. Handy Andy Home Improvement bumped the average size of its existing showrooms up nearly 5 percent, opened five new stores and added a total of more than 333,000 square feet.

This activity has paid dividends for home improvement dealers. The 33 percent sales rise A.C. Houston's stores produced last year comes after the Wichita, Kan.-based dealer increased its show-

Top 10 and Top 100 As Percentage of Industry Whole



Increase In Square Footage and Store Count For Top 25



rooms to 20,000 square feet from 17,000. Chase-Pitkin, the Rochester, N.Y.-based chain, expanded its showrooms to 48,000 square feet from 45,000, and saw its sales jump 11 percent. Latham Home Center, an independent in Roseville, Calif., doubled its stores' showroom space to 10,000 square feet and enjoyed a 20 percent sales gain.

This cause-and-effect doesn't always hold true: some companies that added more space to existing units experienced a sales dip last year, just as others that reduced their showrooms increased their volumes. But as a rule, dealers who increased their sales floors saw positive results.

### Product mix broadened

With all this extra space, dealers had to find new products to fill in the gaps, and quite a few concentrated on a few basic areas: plumbing and electrical, millwork and kitchens.

As a result, there was a considerable expansion of stockkeeping units by a sizable number of dealers, even though the average sku count for the top 300 companies grew infinitesimally to 14,081 items.

For example, Pergament Home Centers, the Melville, N.Y.-based chain that has been opening much larger stores, expanded its offerings in lumber, building materials, housewares, electricals and lighting, and grew its product mix by nearly 3,000 items to 40,000.

P. F. O'Connor, the Massachusetts independent that opened a 300,000-square-foot facility a year ago, saw its sku count rise to 15,000 from 11,000. All American Home Center, the Downey, Calif.-based independent with a 140,000-square-foot store, jacked its mix up to 95,000 items from 85,000.

Even companies that didn't increase their stores' item count significantly tinkered with their mixes. For example, JT's Home Centers in Rhode Island for the first time added drywall and a flooring installation service, and will bring on prehung doors this year. Supply One in Rancho Cordova, Calif., expanded kitchen cabinets and lighting in its three units. And like many dealers, the 64-unit Diamond Lumber and the three-store Pine Tree Lumber in Escondido, Calif., heightened their millwork profiles.

### Lower sales, higher profits

Not everyone bought into this product expansion drive, however, and an equally significant segment of the industry sought to reduce product assortments to improve profitability.

"Our main emphasis was identifying the productivity of the skus in our system, and replacing or eliminating the unproductive ones," said Jud Walford, who until his resignation this month was executive vp-merchandising for Builders Square, which last year cut thousands of items from its stores' mixes.

Another example of this was Babbitt Brothers Trading Co., the seven-unit chain based in Flagstaff, Ariz., which expanded its millwork and flooring departments, but overall decreased its assortment by 3,000 items to 17,000.

As a result, Babbitt's experienced the latest trend in home improvement retailing: less sales but higher profitability. The chain's business fell off slightly to $28 million but, according to vp-home improvement David Chambers, the profits from his division were up 85 percent, and 60 percent for the chain overall. In addition, Babbitt's is budgeting for another 40 percent income gain in 1989.

Store productivity unquestionably will be the goal of the majority of home improvement retailers in 1989, even if that means conceding market share.

"Last year, our sales were up substantially, and we're looking to expand but we won't grow just for the sake of growing," said Ellis Goebel, vp-finance for BMC West, the 20-unit chain in Boise, Idaho. This mentality cuts across all dealers, whether their businesses were up or down last year.

Even though its 1988 sales were off 10 percent, Aaron's Lumber, the Bakersfield, Calif. independent, saw its profits rise 40 percent in 1988, and its officials foresee another 25 percent jump, on a 10 percent sales gain, this year. After a flat 1988, Douglas Lumber in Smithfield, R.I., is budgeting for a 15 percent profit gain. Hancock Lumber in Maine expects to double its net income in 1989, after a year when its sales fell by almost one-fifth and its profits were flat.

The companies that succeeded last year expect more of the same thing this year. Ply-Marts in Norcross, Ga., enjoyed a 30 percent profit gain in 1988, and is looking for a 10 percent boost in sales and profits this year. Ernst Home & Nursery, whose 1988 profits were siphoned off to pay for the remodeling of all of its 73 stores last year, is looking for that retrofitting to increase profits by 300 percent in 1989 and sales by 20 percent, according to the chain's vp-finance Mike Baumann.

Profits were up 20 percent at The Andersons in Maumee, Ohio, in 1988, and that chain's executives feel their stores will produce another banner year, with sales increasing 15 percent and earnings up 20 percent.

None of these dealers is too specific about how his stores are going to accomplish these projections. It does appear, however, that any success they've had in the past or will have in the future hinges on the dedication and productivity of store employees.

To that end, retailers are expanding their employee education programs and incentives.

Al Meier, president of the six-unit chain in Tacoma, Wash., that bears his name, said that the most important measure he took last year was providing "more product knowledge for all our employees, and having motivational meetings and classes for our salespeople."

Central Valley Builders Supply, the two-store operation in St. Helena, Calif., kicked off an employee bonus system based on total company payroll, and reorganized and separated the functions of its sales and operations personnel.

JT's, the Rhode Island dealer, has begun experimenting with commissioned salesmen in two of its stores. Lummus Lumber in Atlanta held a sales contest among it five store managers, with the manager of the highest-volume unit getting a trip to Las Vegas, and employees getting a bonus equal to 5 percent of their salaries.

★TOP★
COMPANIES

## RETAIL CENSUS

# Retailers offer incentives to boost worker productivity

Just before Christmas 1987, the president of a small Michigan lumber company vowed to take his 46 employees and their families on a Caribbean cruise if the company bettered its previous year's sales.

The incentive worked. By the following October, John's Lumber had reached its sales goal, and last January the business closed for a week as the president fulfilled his promise.

The gift by John's Lumber illustrates the importance that retailers place on worker productivity, an issue which is becoming increasingly more important as the tightening market limits the number of home centers that retailers may open.

And whether it's an employee stock ownership program (ESOP), or a simple pat on the back, retailers agree it is the reward that motivates employees.

"The people on the floor can make or break a company," said Lonnie Fogel, a spokesman for Home Depot. "That's why anyone who does well with us is going to know we appreciate it, and be given substantial opportunity for advancement."

Home Depot and two other retail chains—Pay 'N Pak and Lowe's—are three of the biggest companies that have ESOPs. Details of Home Depot's program, introduced last year, were not made available, but the one at Lowe's is among the best known in all of retailing.

Employees own 30 percent of Lowe's, and contribute 12 to 15 percent of their annual pay. In return, management makes a comparable contribution.

"The idea is that the employees are owners themselves," explained Clarissa Felts, Lowe's manager of investor research. "The better the company does, the better the employee does."

Since it was instituted in 1978, Felts said, the program has created 15 millionaires, including those from the ranks of clerks and truck drivers who retired.

Another incentive program at Lowe's—"Beat a billion, win a million"—was introduced last year and is meant to boost productivity among salesmen and area and store managers.

### Bonuses for exceeding quota

Pay 'N Pak, the 100-unit chain based in Kent, Wash., claims that its employees are the industry's most productive, using a sales-to-employee ratio. Tim Lucia, the company's marketing director, credited the chain's ESOP, which is similar to others, plus two other factors.

In 1988, Pay 'N Pak introduced its "security builder program," which provides cash bonuses when quotas in all areas of the company are reached. The other incentive is far more basic: "We pay good people good money," said Lucia.

> "The people on the floor can make or break a company. That's why anyone who does well with us is going to know we appreciate it, and be given substantial opportunity for advancement."
>
> —**Lonnie Fogel,**
> *spokesman,*
> *Home Depot*

A spokesman for Interstate Lumber Co. in Indianapolis, which has had an ESOP since 1986, said paramount to its program was conveying to the rank and file the way in which it works.

"It's not easy for everyone to understand, and if they know about it inside and out, it makes a difference," said the spokesman.

Critics of ESOPs argue that because employees do not stand to benefit until they retire and cash in their stocks, it is not an effective motivator. But Gianna Durso, project coordinator for the Oakland-based National Center for Employee Ownership, disagrees.

"Our figures indicate that employee-owned companies grow 8 to 11 percent faster than those that are not," said Durso. "Employees know that money is money, whenever you get it."

Durso said that besides ESOPs, management uses gain and profit sharing as well as elaborate bonus and benefit plans, to encourage productivity.

### Appreciation appreciated

But however effective these may be, most retailers say

(Continued on page 12)

# Dealer service expands as home building slows

As housing slows, dealers have begun wooing home builders with a variety of services and personal attention.

At the same time, these stores are aggressively seeking new niches in both the industrial and commercial fields, as well as targeting the illusive remodeler. All are methods of bolstering their sales and profit margins.

As a result of their attempts to secure more high ticket sales, many dealers have remodeled their millwork, kitchen and bath departments. Some have even spun off freestanding specialty showrooms offering both contractors and consumers highly specialized services.

Payless Cashways, 84 Lumber, Lowe's and Diamond Lumber are just a few of the chains stepping up their services to the professional customer, including the remodeler.

Payless Cashways deepened its assortment of key categories, including tools, kitchens and millwork; its subsidiary, the eight-unit Somerville Lumber, added an outside contractor sales staff for the first time last year.

However, dealers still have problems identifying and targeting the remodeler. Diamond Lumber, the 64-unit Dallas-based chain, now exhibits at regional and national remodeling shows and takes out ads in the national remodeling magazines.

Lowe's, the North Wilkesboro, N.C.-based chain, launched a private label "Advantage" credit card for its remodelers and has already enrolled 40,000 accounts.

Some dealers are now drawing potential customers into their locations by running "Remodeling Workshops." These special seminars, designed by Owens-Corning, focus on a series of videos. The first is designed to help remodelers manage their businesses better.

General Building Products, the Medford, N.Y.-based chain, has taken O-C's program and combined it with a product presentation and a walk-through of its facilities for its professional clients.

In response to dealers' demands, Owens Corning will condense the program, originally designed for two years, and combine the next two videos into one this fall. This video will deal with both managing for profit and marketing and sales.

(Continued on page 12)

# Home centers step up their screening efforts amidst skilled worker shortage

Home center dealers across the nation need people in a bad way. But unlike the "people who need people" in the Barbara Streisand song, the dealers don't consider themselves "the luckiest people in the world" because of that.

It is no secret that New England and the West Coast have had a shortage of personnel to work in retail positions. But 1988 is the year which saw that shortage move to other parts of the country, and this situation is unlikely to abate in 1989.

The last year the number of 18-to-24 year olds increased in the nation was 1982 and that number, so important because these are the people predominantly working in retail, won't increase again until 1997, said Carl Steidtmann, vp and chief economist at Management Horizons, the retail forecaster in Dublin, Ohio.

"You can't make 18-year-olds overnight," says Steidtmann.

He sees two avenues retailers can take to approach the problem. The first is simply pay more money.

The second is to value and cherish these people on the sales floors. "Organizations will change and come to realize a person on the sales floor is just as important as the merchandise buyer," Steidtmann says.

Retailers are locked in a Catch 22 dilemma. Not only is there a shortage of workers, *per se*, but an even greater shortage of *skilled* employees. Consequently, dealers are faced with the arduous task of screening new applicants and, often, needing to train new workers in even the basics of employment.

In order to weed out possible problem hires, some retailers use personality tests to prescreen potential employees to find out if they are risks. But if every slight potential risk for theft and drug use is ruled out, that may not leave too many prospects left to hire.

> "Organizations will change and come to realize a person on the sales floor is just as important as the merchandise buyer."
>
> —**Carl Steidtmann,**
> *vp and chief economist,*
> *Management Horizons*

Hardware Wholesalers Inc. (HWI), the cooperative based in Fort Wayne, Ind., started a program last year for its dealers which uses extensive testing to evaluate both job prospects and current employees.

HWI administers a four-part test to job applicants which attempts to measure four traits: honesty, criminal history, drug-alcohol use and attitudes, and work and education.

Reid Psychological Systems scores the test and reports back to HWI with one of three results—qualified, qualified recommended or not recommended.

Another two-part exam attempts to identify current HWI employees who may be involved with or aware of internal security violations, questionable cash handling policies or drug and alcohol use.

The Northeast became the focal point of this personnel crisis last year, particularly with the expansion into the market by the Home Depot, Hechinger and Builders Square, each with stores that require considerable numbers of employees, and all placing a premium on in-store customer service.

Rickel Home Centers, the chain based in South Plainfield, N.J., made the boldest move on the hiring front in 1988 by hiring 14-year-old workers to handle merchandise, stock shelves and, in

(Continued on page 12)

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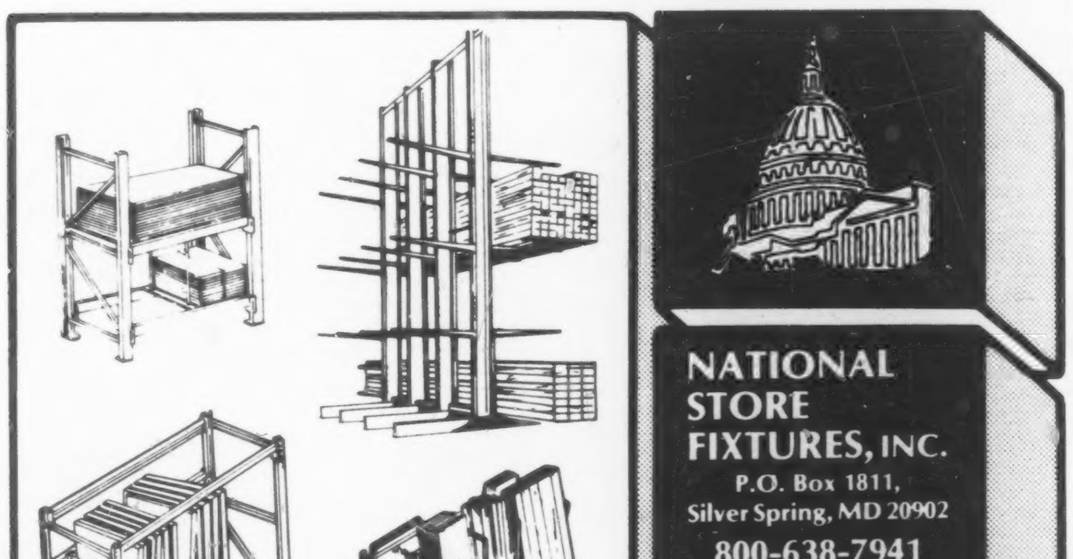
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## Retailers focus on incentives for workers as home center market tightens

*(Continued from page 10)*

they should be supplemented with more humane forms of motivation.

"We try and compliment people constantly on the good job they do, and it seems to be working," said Jay Taylor, director of purchasing for Elliott's Hardware Store in Dallas.

Taylor said a few years back Elliott's employees, which number 123, filed a formal complaint with management, stating they were not thanked enough for their work. Since then, things have changed for the better. "We're not as good at it as we should be, but we're trying," explained Taylor.

Another productivity booster, according to Fogel of Home Depot, is continuous employee training. This shows employees that the company views them as important, as does seeking out their opinions on various company decision-making policies.

"We call it moving decision-making to the lowest levels, and we think we're pretty good at it," said Fogel.

He said this was a compelling reason why the Home Depot lists former employees of competing stores among its workforce of some 15,000 people.

## *Customer service key as dealers respond to sluggish housing market*

*(Continued from page 10)*

Some independents have joined forces with manufacturers to open specialty retail outlets, often in more urban locations, to service both the professional and the consumer.

Hancock Lumber, the Casco, Maine-based chain, opened an Eagle Window store in Lewiston, Maine, which marked the first specialty millwork outlet for this rural lumberyard.

Cofax Building Centers is one of many dealers now opening Peachtree Planning Centers, a specialty door and window showroom. Although designed primarily to tap consumer traffic by locating in retail strip centers, Cofax found that contractors represented half of its walk-in trade. The independent was also able to recapture its millwork business from the hands of specialty competitors.

Contractor yards are having to cope with greater demand for services, particularly as they venture deeply into the kitchen arena.

A kitchen design service is considered a given before contractors will buy from Babbitt Brothers, in Cottongood, Ariz. Builderama's contractor division offers its builder customers installed services, which account for about 40 percent of its total kitchen sales.

Addington-Beaman, the $50 million Norfolk, Va.-based company, offers its contractor customers a wide variety of installation services, including vinyl siding and insulation.

Many dealers now have a variety of state-of-the-art software systems designed to help their builder customer with estimates, material take offs and even customizing houses.

Some dealers are also enhancing their service image by adding new computer systems which allow their customers to tap into their inventories and place orders. This cuts down administrative time in handling accounts in the traditional manner.

At Canyon Drive Lumber, Amarillo, Texas, contractors are given a secured password which gives them access into the retailer's inventory data base. In this way, the contractor can learn how large the inventory is for a given product, whether it is on order, when it will be delivered and how much it costs.

Speed of delivery can often determine whether the dealers get the orders or not. Fleming Lumber offers a two hour delivery service to its contractor customers in its Los Angeles market. In addition, East Coast Lumber in East Hampstead, N.H., is one of several dealers now running special express vans for emergency orders.

## Home centers wrestle with worker shortage

*(Continued from page 10)*

some cases, work the sales floors (*NHCN*, Jan. 16).

While the up side of this was such young workers may not have developed bad working habits yet, the downside was stringent state and federal regulations limit the hours teenagers can work.

Steidtmann sees more retailers following Rickel's approach in hiring people who were not even considered employable five or 10 years ago. For instance, the mentally retarded now work in some McDonald's restaurants.

However, in the same market Home Depot manned its new stores in New Jersey and Connecticut by promoting the fact that its entry level salaries were well above the going rate locally. It interviewed more than 1,500 people to find 100 to work in its first New Jersey operation.

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# NATIONAL HOME CENTER NEWS—INDUSTRY FORECAST

| | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 88/87 | 89/88 | 90/89 | 91/90 | 92/91 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | % change | | | | |
| ***ECONOMY** ($ billions)* | | | | | | | | | | | |
| GNP $ 1982 | 3847.0 | 3995.0 | 4100.8 | 4186.9 | 4291.6 | 4489.0 | 3.8 | 2.6 | 2.1 | 2.5 | 4.6 |
| Real Disposable Income | 2686.3 | 2789.4 | 2871.0 | 2931.3 | 3004.6 | 3133.8 | 3.8 | 2.9 | 2.1 | 2.5 | 4.3 |
| ***KEY INDICATORS*** | | | | | | | | | | | |
| Housing Starts *(000's)* | 1617 | 1488 | 1440 | 1310 | 1450 | 1525 | −8.0 | − 3.2 | −9.0 | 10.7 | 5.2 |
| Resales *(000's)* | 3526 | 3465 | 3325 | 3200 | 3375 | 3500 | −1.7 | − 4.0 | −3.8 | 5.5 | 3.7 |
| Mortgage Rate *(%)* | 10.2 | 10.4 | 11.1 | 10.4 | 9.6 | 9.4 | — | — | — | — | — |
| Prime Rate *(%)* | 8.2 | 9.4 | 11.3 | 8.6 | 8.5 | 8.1 | — | — | — | — | — |
| Consumer Price Index* | 113.6 | 118.3 | 124.4 | 130.7 | 137.0 | 142.8 | 4.1 | 5.2 | 5.1 | 4.8 | 4.2 |
| Producer Prices* | 105.4 | 108.1 | 113.2 | 119.1 | 124.6 | 129.7 | 2.6 | 4.7 | 5.2 | 4.6 | 4.1 |
| ***RESIDENTIAL ALTERATIONS & REPAIRS*** | | | | | | | | | | | |
| Total *(Current $ millions)* | 94325 | 102153 | 104014 | 111274 | 119391 | 126793 | 8.3 | 1.8 | 7.0 | 7.3 | 6.2 |
| Maintenance | 38550 | 41735 | 41334 | 44353 | 47685 | 50784 | 8.2 | − 1.0 | 7.3 | 7.5 | 6.5 |
| Additions | 39800 | 43102 | 44501 | 47470 | 50836 | 53886 | 8.3 | 3.2 | 6.7 | 7.1 | 6.0 |
| Replacement | 15975 | 17265 | 18180 | 19450 | 20871 | 22123 | 8.1 | 5.3 | 7.0 | 7.3 | 6.0 |
| Total *(Constant $ millions)* | 83069 | 89521 | 87825 | 89279 | 90771 | 92587 | 7.7 | − 1.9 | 1.7 | 1.7 | 2.0 |
| Maintenance | 33969 | 36596 | 34900 | 35598 | 36346 | 37182 | 7.7 | − 4.6 | 2.0 | 2.1 | 2.3 |
| Additions | 35029 | 37791 | 37575 | 38101 | 38596 | 39291 | 7.9 | − 0.6 | 1.4 | 1.3 | 1.8 |
| Replacement | 14071 | 15134 | 15350 | 15580 | 15830 | 16114 | 7.6 | 1.4 | 1.5 | 1.6 | 1.7 |
| ***RETAIL TRADE ACTIVITY*** | | | | | | | | | | | |
| Total *(Current $ millions)* | 1521417 | 1629150 | 1714872 | 1840070 | 1984040 | 2152684 | 7.1 | 5.3 | 7.3 | 7.8 | 8.5 |
| Minus Auto | 1186988 | 1260122 | 1350685 | 1450760 | 1564270 | 1695669 | 6.2 | 7.2 | 7.4 | 7.8 | 8.4 |
| Bldg. Mat'l + Hardware | 71063 | 77163 | 82372 | 87798 | 94185 | 101306 | 8.6 | 6.8 | 6.6 | 7.2 | 7.6 |
| Building Mat'l Stores | 57909 | 63132 | 66377 | 70736 | 75896 | 81664 | 9.0 | 5.1 | 6.6 | 7.3 | 7.6 |
| Hardware Stores | 13154 | 14031 | 15995 | 17062 | 18289 | 19642 | 6.7 | 14.0 | 6.7 | 7.2 | 7.4 |
| Total *(Constant $ millions)* | 1357050 | 1409473 | 1447261 | 1474759 | 1508678 | 1573552 | 3.9 | 2.7 | 1.9 | 2.3 | 4.3 |
| Minus Auto | 1076806 | 1108533 | 1152121 | 1176316 | 1203371 | 1253912 | 2.9 | 3.9 | 2.1 | 2.3 | 4.2 |
| Bldg. Mat'l + Hardware | 65062 | 69226 | 71263 | 72146 | 73126 | 75783 | 6.4 | 2.9 | 1.2 | 1.4 | 3.4 |
| Building Mat'l Stores | 53019 | 56639 | 57425 | 58114 | 58870 | 60871 | 6.8 | 1.4 | 1.2 | 1.3 | 3.4 |
| Hardware Stores | 12043 | 12587 | 13838 | 14032 | 14256 | 14712 | 4.5 | 9.9 | 1.4 | 1.6 | 3.2 |

Based on Dept. of Commerce, Bureau of Labor Statistics and industry data.
Source: *National Home Center News;* Mount Econonic Consulting. May 1989 data.
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Constant = 1982 $ * Index: 1982 = 100

RETAIL
CENSUS

# Top chains pressure their suppliers to use bar coding

Bar coding is becoming the latest bone of contention between dealers and vendors.

Some of the industry's largest chains—including The Home Depot and Builders Square—are now demanding that their suppliers put bar codes on merchandise by the end of 1989. Hardware co-op Ace Hardware also expects to be up and running with bar coding by 1990, and has asked suppliers to comply.

That bar coding is the future is reflected in numbers Grossman's uses to justify pressuring vendors: it gets 60 percent of its sales from the 70 percent of the merchandise it presently has bar coded.

One sticking point, however, is that much of what the average home center sells does not lend itself to bar coding, especially items such as bulk nails or fasteners. Proponents say the technology exists for bar coding *anything*, and they cite the ability to mark bees for beekeepers.

Some vendors have gone the route of bar coding polybags for bulk items, but there is still some resistance.

Bar coding of commodities presents another problem, and industry representatives from both retailers and manufacturers are working on the problem. But Ward Hitchings of the National Forest Products Association (NFPA), the trade group that oversees the committee on Universal Product Coding, said that only 10 percent of commodities are bar coded currently.

The NFPA will release a report in June on recommendations for codes for individual items, methods of labeling (*i.e.*, adhesive paper, ink jet, etc.) and where to place the labels. Another committee will recommend ways to implement commodities UPC to facilitate electronic data interchange (EDI).

Dave Brewster of Georgia-Pacific, who sits on the NFPA committee, said in a news release, "Home centers have mandated to suppliers that by March 1990, UPCs will be in place for scanning. We manufacturers aren't taking that mandate lightly."

### No common language

One problem with implementing bar coding, however, is standardization. With four different UPC "languages" in common usage, and different markings for individual items and for shipping containers, the world of UPC often resembles the Tower of Babel.

There exists the Voluntary Inter-industry Communications Standards (VICS) committee, a trade group made up of manufacturers and retailers that works to standardize UPC languages, but it is geared mainly towards general retailing, especially for apparel merchandising.

To date, Stanley Tool is the only company in the industry that sits on the committee.

But Stanley is committed to UPC, according to Bob Blossey, special projects manager for Stanley Tool. The company has even resorted to hand labeling certain promotional bulk items such as screw drivers and hammers.

"We did it in a more costly manner than we would have liked," Blossey said, "but we're working on new technology to make it more cost efficient."

One economic goad to implementing UPC, aside from inventory tracking and price lookup, is the growing sophistication of EDI, the linking of dealers, vendors, and even manufacturers in a communication network.

A universal code language could facilitate EDI by tracking merchandise from the warehouse through the point of sale to facilitate just-in-time delivery, automatic replenishment and billing.

### Potential problems

This so-called Quick Response technology would require close cooperation between dealers and vendors, however, and would include the sharing of information that some might not want to share, such as sales forecasts and marketing strategies.

And as with everything, there's a potential downside to all this new technology, as some British home center chains found out the hard way.

Texas Homecare, Wickes plc and B&Q were fined by government authorities for having changed the price on items in the computer—which the UPC label looked up—without having changed the price markings on the shelf.

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*Modest 1988 sales growth doesn't deter dealers' optimism.*

*Acts of nature, takeovers and competition among chains beset the western Midwest.*

*Lawn and garden departments suffered as last year's drought dried up the Midwest, but home building remains intact.*

*Major chains invade the Northeast, as economy turns sluggish.*

*Diversity and volatility mark the South's home improvement business.*

# REGIONAL REPORT

## Home centers grapple with diversity in the SE region

**By Tim O'Malley**

### Southeast

REGIONAL REPORT — Last year's home center activity in the South and Southeast region provided a microcosm of the volatility this industry went through in 1988, and in many ways set in motion some of the dynamics that will affect the entire industry this year.

The year saw natural and economic disasters in Texas, growing prosperity in Georgia, transportation improvements in Florida, and more competitors entering unlikely markets such as New Mexico and Arkansas.

Through it all, home centers scrambled to survive, by pulling out of slow areas and expanding in lucrative ones, trying new merchandising concepts and making personnel changes.

Scotty's, Florida's biggest chain, weathered perhaps its most difficult year to date. Scotty's founder, Jim Sweet, sold the company's stock holdings to Belgian-based GB-Inno-BM, which only last month made a tender offer to buy all of Scotty's and take it private.

Much of the chain's executive staff departed and was replaced by new leadership. The Winter Haven, Fla.-based chain also closed down its two Factory Outlet Warehouse stores in the Sunshine State, saying they failed to jibe with the company's retailing philosophy.

In truth, Scotty's problems were caused by competition from Builders Square and Home Depot in Florida. The latter set a standard for the industry in January 1988 when it announced it would implement an "everyday low pricing" policy chainwide by the end of the year.

The 133-unit Builders Square, based in San Antonio, Texas, started the year aggressively as well. In February, it revealed plans for a sporting goods chain modeled on the warehouse concept. By December, it had named a new president and ceo, Glen R. Mielke, a 25-year veteran of K mart, Builders Square's parent company.

Lowe's, buoyed by the success of its 60,000-square-foot store in North Knoxville, Tenn., said it would increase the size of 20 other stores because it believes larger stores increase profits. That prototype has recently been refined to bring products stored in an adjacent warehouse area onto the showroom floor. A 40,000-square-foot unit in Boone, N.C., opened last month, showcases this change.

#### Texas takes its toll

The Texas market continues to sag, and its condition affected negatively on home center operators.

The 22-unit Lone Star Hardware division of Westlake Hardware, based in San Antonio, had to trim its upper-management staff to 55 from 83 after suffering losses. In addition, scores of independents were forced either to close or significantly curtail their services.

Some tried to escape the crisis by expanding elsewhere. McCoy's Building Supply Centers, based in San Marcos, Texas, opened outlets in New Mexico. The company ventured outside of Texas for the first time in 1987, with a store in Arkansas.

The Arkansas market was also courted by National Home Center. In February

*(Continued on page 27)*

## Gas prices, economy slow expansion in Western U.S.

**By Brad Altman**

### West

REGIONAL REPORT — For some multiunit DIY dealers operating stores in the Western U.S., 1988 was a cautious year in which expansion was on a modest scale compared with previous years.

#### PACIFIC NORTHWEST

Seattle-based Boeing, one of Washington's major employers, reports a waiting list for new commercial aircraft and that situation has contributed to a strengthening of the local economy. Underscoring this rebound, Ernst Home & Nursery reopened two stores in the suburbs of Tacoma which had been shuttered two years earlier. Other market developments:

Pay 'N Pak, the 100-unit chain based in Kent, Wash., is moving into its second year as a private company, and has focused its expansion strategy on opening new stores in existing markets. The company is currently in the process of remodeling many of its stores, showcasing a new in-store look that emphasizes home decor items.

Ernst, meanwhile, remodeled its 43 stores in western Washington and Nevada in early 1988 and finished the $10 million chainwide revamp project in September when it completed the remaining 27 units in eastern Washington, Utah, Montana, Idaho and Wyoming. Big-ticket projects such as kitchen cabinets are highlighted in the remodeled stores.

The Portland, Ore.-based Fred Meyer chain, which pioneered the one-stop shopping concept, consolidated its Home and Garden Centers and general merchandise division into a hardlines division last year. Reflecting the chain's emphasis on DIY retailing, Fred Meyer's new ceo, Frederick M. Stevens, joined the chain in April 1988 from K mart, where he was in charge of specialty retailing including the Builders Square operation.

On the wholesaling front, Palmer G. Lewis, the Auburn, Wash.-based commodities distributor, agreed a year ago this month to a $39.1 million buyout by St. Louis-based Huttig Sash & Door, a subsidiary of Crane Co.

#### MOUNTAIN STATES

Hard hit by persistently weak oil and gas prices, this region—Arizona, Colorado, Montana, New Mexico, Nevada, Utah and Wyoming—is growing more slowly than the national economy and some forecasters expect home building to fall by the end of this year to its lowest level since 1975, according to The Conference Board.

The Mountain states have pockets of growth. In Salt Lake City, for example, a shuttered Ernst store was reopened last year and Home-Club plans to build two outlets in Utah this year. Other regional developments:

Anderson Lumber, the 22-unit contractor-oriented chain headquartered in Ogden, Utah, began looking for expansion possibilities in Nevada.-CoastAmerica Corp., the Denver-based franchise wholesaler, agreed to merge with American Hoist & Derrick, the St. Paul, Minn.-based company which had already owned wholesaler Farwell Ozmun Kirk & Co. Amhoist changed its name to Amdura, and moved to Denver.

#### CALIFORNIA

The outlook for California is dampened by the threat of a

*(Continued on page 27)*

# Home centers grapple with diversity in the SE region

(Continued from page 18)

the Springdale, Arizona-based chain acquired two Handy Dan outlets there from the latter's owner, Channel Home Centers.

Meanwhile, one earlier victim of the Texas recession—Diamond Lumber—was bailed out of Chapter 11 in April, when a federal judge approved a reorganization plan under which the Dallas-based company signed a three-year, $70 billion credit agreement. Since then, Diamond has been concentrating almost exclusively on catering to contractors, a formula that appears to be working.

As if economic assault weren't enough, Texas suffered nature's wrath when Hurricane Gilbert swooped down on the town of McKinney. Foxworth-Galbraith's 60,000-square-foot warehouse there was destroyed, and damages were estimated at $3 million to $4 million.

Unlike Texas, the Southeast enjoyed growth and prosperity. Atlanta continued to attract major corporations, spurring housing construction and lumber sales.

Atlanta-based Georgia-Pacific announced it would establish 12 nationwide distribution centers specifically dedicated to millwork and specialty products.

West Building Materials, also in Atlanta, came off its best year ever with plans to expand the 67-unit chain. But in October, curiously, the business was put up for sale, although recent reports from sources familiar with West said the chain has subsequently been taken off the block.

Similarly, the retail lumber division of Williams Brothers Lumber Co. was put on the for-sale block by its parent, Blue Circle Holdings, whose primary interest is in concrete.

Further south, retailers in Florida were brimming at the completion of gaps in Interstate 95. With a continuous north-south line between northeast Maine and Miami finally in place, many said, improved distribution and more business would surely result.

> Home Depot set a standard for the industry in January when it announced it would implement an 'everyday low pricing' policy.

Possibly for that reason, the nation's largest hardware wholesale co-op, Cotter & Co., opened its 15th distribution center, in Ocala, Fla. in November. Cotter said the 365,000-square-foot warehouse would service 315 retailers in the South.

But business in the Sunshine State was not always profitable, as evinced by the liquidation of a much-touted lawn and garden chain, Yard King. Based in Margate, the company blamed its woes on tough Florida zoning laws and the previous year's stock market crash.

# Gas prices, economy slow expansion in Western U.S.

(Continued from page 18)

national economic recession, according to the UCLA Business Forecasting Project. The California economy currently lacks any special source of stimulus, other than its surging housing sector.

Wickes Cos.' Sanford C. Sigoloff, who pulled Wickes out of bankruptcy in 1985, ended his six-year tenure as Wickes chairman in December 1988 when two New York investment companies acquired Wickes in a deal valued at approximately $538.9 million.

The companies involved, Blackstone Capital Partners L.P. and Wasserstein, Perella Partners L.P., made their bid only a couple of days after Sigoloff and fellow Wickes executives withdrew a higher value buyout offer. The investor group subsequently put Wickes' Builders Emporium chain on the block and has sold its Orchard Supply Hardware operation to its management.

HomeClub, based in Fullerton, Calif., continued its strong growth pattern throughout the West. Its parent, Zayre Corp. restructured the warehouse chain in December 1988 and announced it was spinning off HomeClub and BJ's Wholesale Club, a general merchandise warehouse chain.

> The outlook for California is dampened by the threat of a national economic recession, according to the UCLA Business Forecasting Project.

National Lumber, the Fountain Valley, Calif.-based retailer, is facing troubled times, losing $4.6 million in the fiscal year ended Jan. 31, 1989. National did open its 20th unit in the San Diego County city of Mira Mesa, in March 1988.

Neiman-Reed's Lumber City, a 12-unit retailer, converted two former supermarkets into 30,000-square-foot stores in Los Angeles' San Fernando Valley.

And Dixieline Lumber, the 10-unit San Diego-based retailer, opened a 52,000-square-foot home center in Vista, Calif., in June 1988. The store was the fifth to open in a 12-month period.

The two-unit Paint Plus specialty store concept folded in mid-1988, less than a year after it was launched by a group of home center industry veterans.

And contractor-oriented Builders Discount emerged as a Southern California retailer to watch in this year when it opened a new 100,000-square-foot store in November in Simi Valley, Calif.

Not all the action in California was reserved to retailers, though. Sequoia Supply, the building materials distributor based in Irvine, Calif., signed a letter of intent to merge with the Grip-Rite Group, a White Plains, N.Y., wholesaler. The deal is expected to be completed this month.

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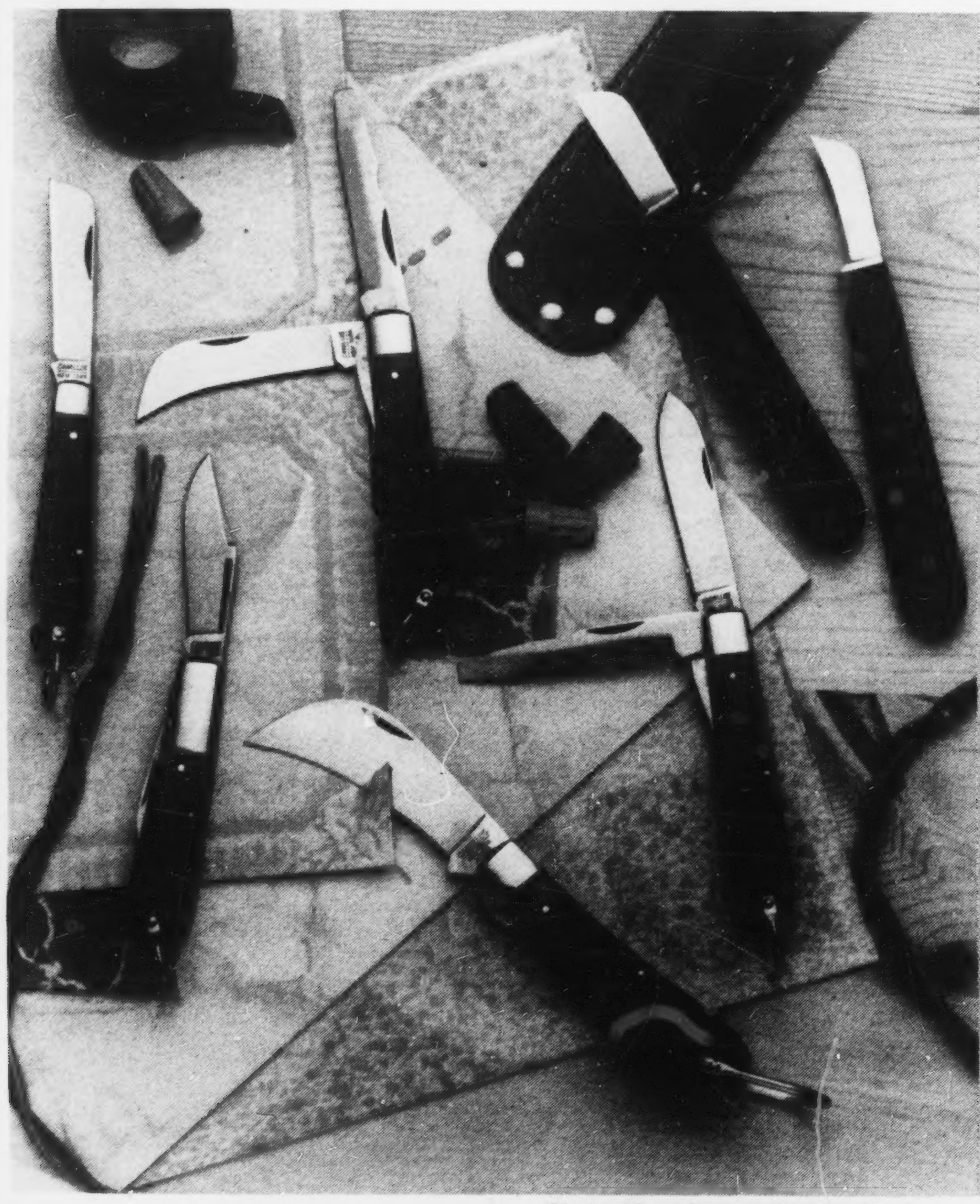

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## RETAIL CENSUS

# Home centers flood NE, though economy is slowing

**By Elizabeth Brent**

REGIONAL REPORT — The Northeast and New England emerged as what some saw as the final frontier for home center expansion in 1988, as several large home center chains began pouring into the market.

### Northeast

But, ironically, just as Builders Square, Home Depot and Hechinger marched north, the regional economy started slowing and housing starts declined.

Independent lumberyards in the region turned towards retail sales to compensate for this housing slump, though these new competitors with larger stores and unbeatable prices pose an equally onerous threat to their businesses. When Builders Square opened in Pelham, N.H., for example, it was selling joint compound below the cost to local independents.

Consequently, independents are responding by targeting remodelers and opening specialty millwork and kitchen showrooms to lure professionals and consumers alike. Some are consolidating their positions with extensions and new facilities, while others are just trimming operations to pay more attention to the bottom line.

The slowing economy has hardly deterred Hechinger, the Landover, Md.-based home center chain,which will enter Boston for the first time with four stores in 1990.

However, finding suitable real estate continues to be a problem for everyone looking to expand. Somerville Lumber's growth has slowed in part due to the "tremendous difficulty" in finding 12-acre parcels, according to chairman Harold Cohen.

Hechinger further postponed its Huntington, N.Y., opening, claiming it was having trouble finding other sites in the area. Home Depot is currently renovating three former Modell's sporting goods stores on Long Island, but many of the prime retail sites have already been taken by Pergament and other specialty retailers.

Nevertheless, the competition intensifies in this market. Mr. Goodbuys opened two stores on Long Island in 1988, joining Rickel, Channel and Pergament as well as a host of independents including General Building Products, which specializes in kitchen and millwork showrooms.

Rickel, which cracked a $500 million sales plateau last year, ventured into Bronx, N.Y., for the first time. Pergament, too, is seeking inner city sites as it fills in its market with smaller stores.

### Shakeout erupts

Warning signs that the market is overstored flashed early last year in Providence, R.I., when Channel shuttered its two units there, signaling the imminent shakeout.

Indeed, in 1988 the Whippany, N.J.-based company and Grossman's, based in Braintree, Mass., were put on the sales block. The ailing Lloyd Home & Building Centers, which has had consistent losses for the last four years, spent most of last year up for sale only to be reclaimed by its parent American Maize because of inadequate bids.

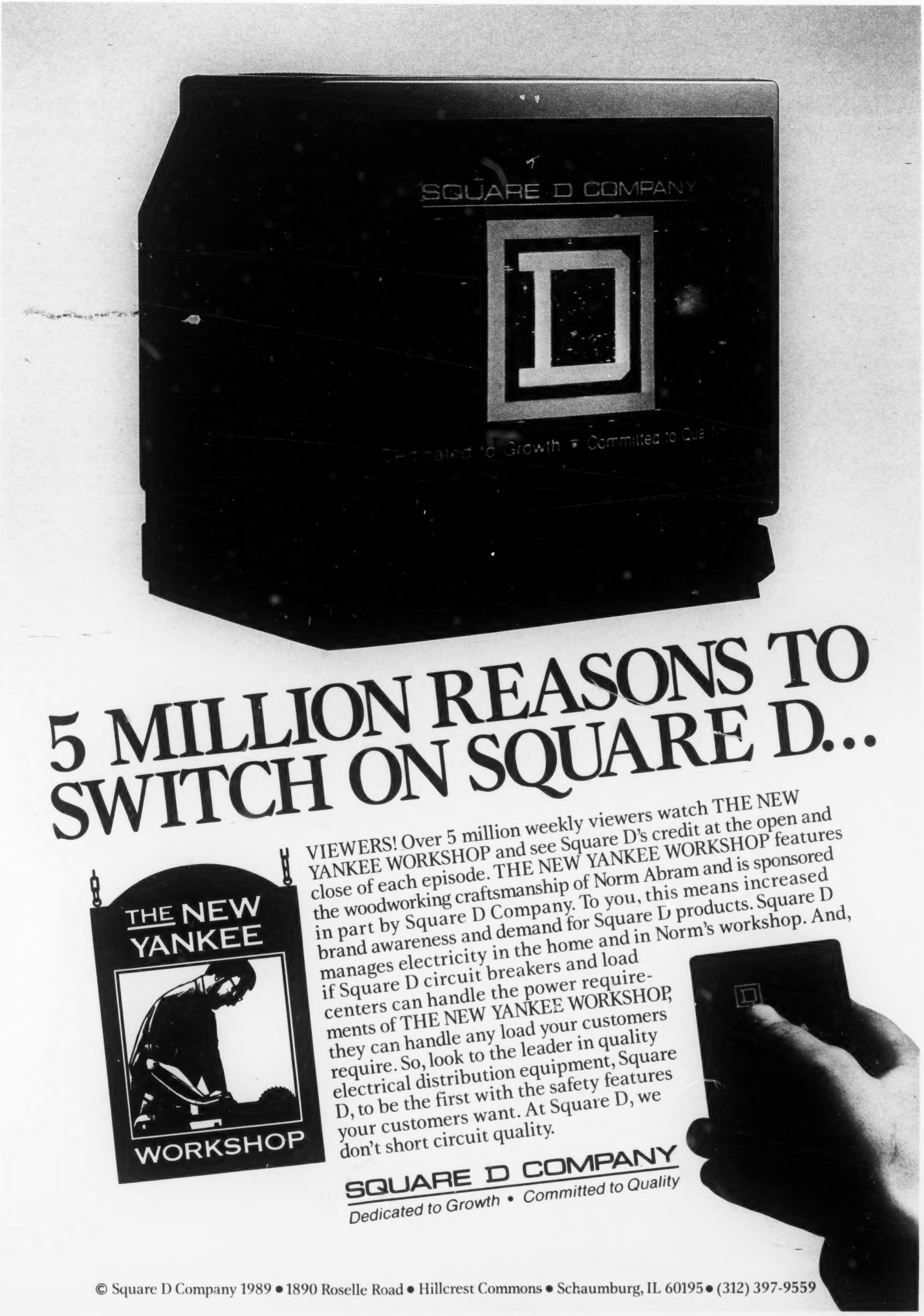
Not all the news was store closings and For Sale signs, though. Continental Lumber in West Haven, Conn., increased its sales by 24 percent to $36 million last year and Haddonfield Lumber in Haddonfield, N.J, had a 9 percent gain to $60 million.

But in New Hampshire, Maine and on Cape Cod, the picture is less rosy. Housing has almost halted there, and retailers are reporting losses or flat sales.

Some independents continue to pioneer new markets to bolster flagging sales. Gerrity Building Centers, based in Newton Falls, Mass., opened its first builder-oriented yard in Vermont this past September in Hinesburg. Between this operation and its Woodsville, N.H., site, Gerrity intends to service the entire state.

NHD Stores may well expand outside its Massachusetts market area into Vermont and Maine this year once it completes its 135,000-square-foot distribution center in Franklin, Mass.

Other independents are constructing new showrooms and facilities and realigning their businesses. Douglas Lumber in Smithfield, R.I., expanded from a traditional commodities lumberyard with a freestanding kitchen speciality unit into a full line home center when it opened a 50,000 square foot unit this spring.



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## RETAIL CENSUS

# Concern for future follows a modest year for retailers

**By Tom Bagsarian**

- REGIONAL REPORT —

It is difficult to get home improvement retailers excited about what occurred in the Midwest in 1988.

While business did not go through the roof, it didn't fall by the wayside in Ohio, Indiana, Kentucky, Michigan, Illinois and Wisconsin, either.

### Eastern Midwest

Although lawn and garden departments in all of these states suffered due to last year's drought, the building side of the business remained intact, but there is concern for what may lie ahead.

Bryan Carter, president of the 146-unit Carter-Jones Lumber Company based in Kent, Ohio, said business in 1988 was "mediocre, nothing earthshaking." But Carter also added, "I expect if interest rates go up, we'll see a small decrease in '89."

Stambaugh-Thompson, the retail chain based in Youngstown, Ohio, made its first foray into the specialty store business with its purchase of Decorator Depot in nearby Niles, Ohio, early this year.

Stambaugh will raise its store count to 22 this year with the opening of two new stores, one in Heath, Ohio, a city of about 7,500 people east of Columbus, and another in an Ohio location yet to be decided, said Stambaugh president Phil Thompson.

Louisville, by far Kentucky's largest market, saw little in the way of new players last year. Perhaps chains realized "this isn't the best spot in the world to do business," said Steven Levy, merchandise manager at Levy Home Improvement Centers based here.

The same may be said about the Hoosier state. No new players joined the three dominant chains in Indianapolis last year, Wickes Lumber, Lowe's and 84 Lumber. "Indiana did pretty well," said Ed Butz, chairman of the single-unit Butz Lumber in Indianapolis.

In Illinois, the big news was how much business Builders Square, with more than a dozen units in the Chicago area, was taking out of the market, and what was the potential of Handy Andy Home Improvement.

In August, Steven Kadish became president of Schaumburg, Ill.-based Handy Andy. Ron Rashkow relinquished the president's title but remains chairman and ceo. Also last year, Rashkow was named to the board of directors of Scotty's, the Winter Haven, Fla.-based chain which underwent a restructuring at the time.

Handy Andy sent shock waves through the Midwest just this month with its agreement to purchase the 38-unit Central Hardware, based in St. Louis. This allows Handy Andy to enter new markets, such as Columbus, Cincinnati and Indianapolis, and gives Central money, which was not available with its former parent company Interco, to expand.

Also in the Chicago area, Courtesy, the operator of six home centers, experimented with Courtesy Express, a van which delivers merchandise to customers. Lee Lumber opened its second Chicago location in 1988. It filled a void on the city's north side left by four different retailers which have closed within a one-mile radius.

And a company called Sears decided in 1988 to sell its headquarters, the world's tallest building, and this year introduced everyday low pricing in its stores. The retailing giant is also slowly getting involved with brand merchandise.

Business was brisk in western Michigan, from Lansing on west and from north to south, thanks mainly to new industrial growth, which boosted new home sales and remodeling business. Birmingham, Mich.-based Erb Lumber bought the Detroit-based Braver Brothers' Pine Lumber Cashways Stores. In addition, Wolohan Lumber, based in Saginaw, Mich., bought three-unit Cashway Lumber, based in Muskegon, Mich.

There was no major change in players in the Wisconsin market. Kelly's Sawmill, a low-cost, three-unit chain in Milwaukee, closed two of its stores, but stubbornly held onto one.

Bob Huntemann, who sold his chain to Grossman's several years ago and then formed Kelley's, died early this year after a long illness. An avid boater, Huntemann took vacations around the world and said all he ever did was tour hardware stores and home centers.

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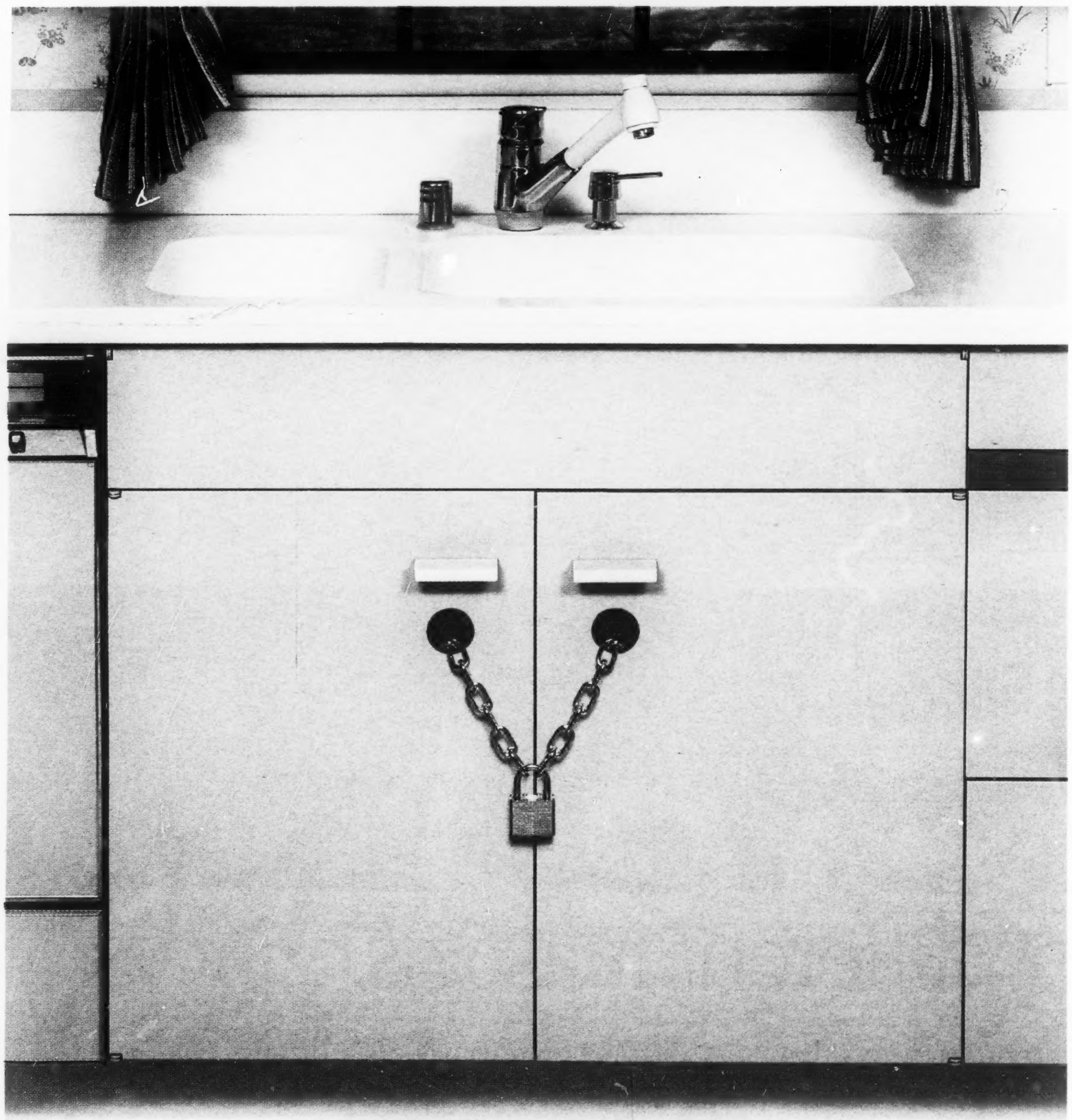

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## RETAIL CENSUS

# Takeovers, weather, competition plague the Midwest

**By Gary S. Ruderman**

REGIONAL REPORT—Parts of the southern and western Midwest were visited by "plagues" that other segments of the home improvement industry can probably expect to endure over time.

A mild "earthquake" rumbled through western Missouri starting last April as tremors of a hostile takeover shook the foundation of Payless Cashways.

Corporate raider Asher Edelman and Dwight Sutherland, a co-owner of nearby Sutherland Lumber, were ultimately thwarted in their bid (and profited nicely for their efforts), as the 195-unit Payless, based in Kansas City, was taken private by its management in October to the tune of more than $900 million, and the assumption of $1.2 billion in debt.

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*The 195-unit Payless Cashways based in Kansas City, Mo., was taken private by its management in October to the tune of more than $900 million.* NHCN photo

### Western Midwest

Similar rumblings were felt at Westlake Hardware, Lenexa, Kan. After swallowing the 22-unit Lindsley chain in Florida through its Lone Star Hardware division the year before, Westlake discovered belatedly that this company's product mix, inventory and management might have been too rich for its blood. All three were scaled back.

On the eastern side of Missouri, Eclipse Industries, the operator of six B&B Home Centers, was having more severe problems. Promised capital from a Texas investor never materialized and, closing one unit at a time, Eclipse slowly faded into Chapter 11 bankruptcy.

In Kansas, while retailers report sales were up 5 to 6 percent, 1988 wasn't a banner year. Pay 'N Pak, the Kent, Wash.-based operator, closed two of its four units in Kansas as sales slowed. Whelan's, a local independent, left the Leavenworth, Kan., market, again because sales weren't supporting the operations.

Whelan's needed to "put our bucks elsewhere" explained vp Don Lewien.

Up north, in Minnesota, it was a quiet year with sales slowed by a combination of a stagnant service economy, competition and the weather, which affects Minnesota's agricultural belt. But that didn't stop the buying and selling of home centers.

LAMPERTS
Home Center

*After fighting with disparate relatives and stockholders for several years, Jack Lampert, chairman of the 44-unit Lampert Lumber in St. Paul, sold out to a team of Denver investors.* NHCN photo

> ‘It looks like the drought pattern is broken. There is a lot of pent up demand. There weren't a lot of houses built last year.’
>
> —**Dan Messmer,** *advertising manager, Robertson Companies*

After fighting with disparate relatives and stockholders for a number of years, Jack Lampert, chairman of the 44-unit Lampert Lumber in St. Paul, sold out to a team of Denver investors, Josh Hulce, a former president of the Manville Corp., and F. Joseph Hayes, president of the May D&F department stores. Longtime president George Poulos stayed at Lampert until last month.

### Sales dry up from drought

Throughout the Midwest, healthy and struggling dealers alike contended with a drought that dried up and blew away lawn and garden sales last summer. Add that to the still-depressed energy economies in Kansas and Oklahoma and it was an "extremely tough year in Oklahoma, the fourth such bad one," according to Bill Payne of the 31-store T.H. Rogers chain based in Oklahoma City. To stay alive in a continuing down market (although T.H. Rogers continues to make money), the chain had to pare employees from 210 to 185.

The scorching heat kept a lid on roofing sales in the Plains States. Sales of building materials overall were down some 12 percent in the north central and eastern plains regions.

Nevertheless, there were some "silver" linings in the lack of rain. Because there was little precipitation, farmers in the Dakotas received significant government subsidies. That translated into a late summer bonanza of buying for machinery buildings, according to Dan Messmer, advertising manager for the Robertson Companies, a 22-unit chain based in Grand Forks, N.D.

With a wet spring and some amounts of snow this past winter, "It looks like the drought pattern is broken," said Messmer. "There is a lot of pent up demand. There weren't a lot of houses built last year."

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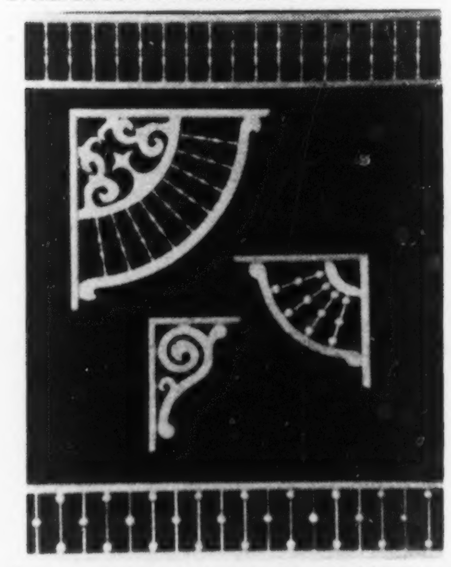
from the nation's leading manufacturer of hardwood Victorian trim . . .



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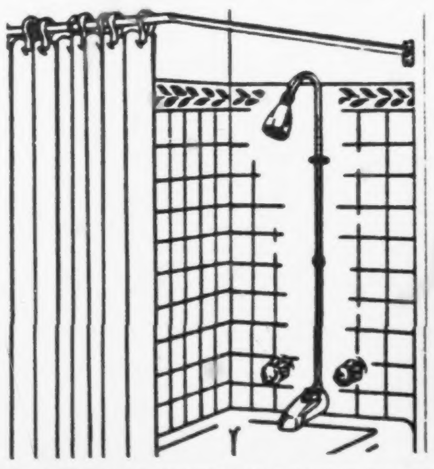

Install it yourself without costly in-wall plumbing!
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Deluxe Unit for Built-in Tubs!
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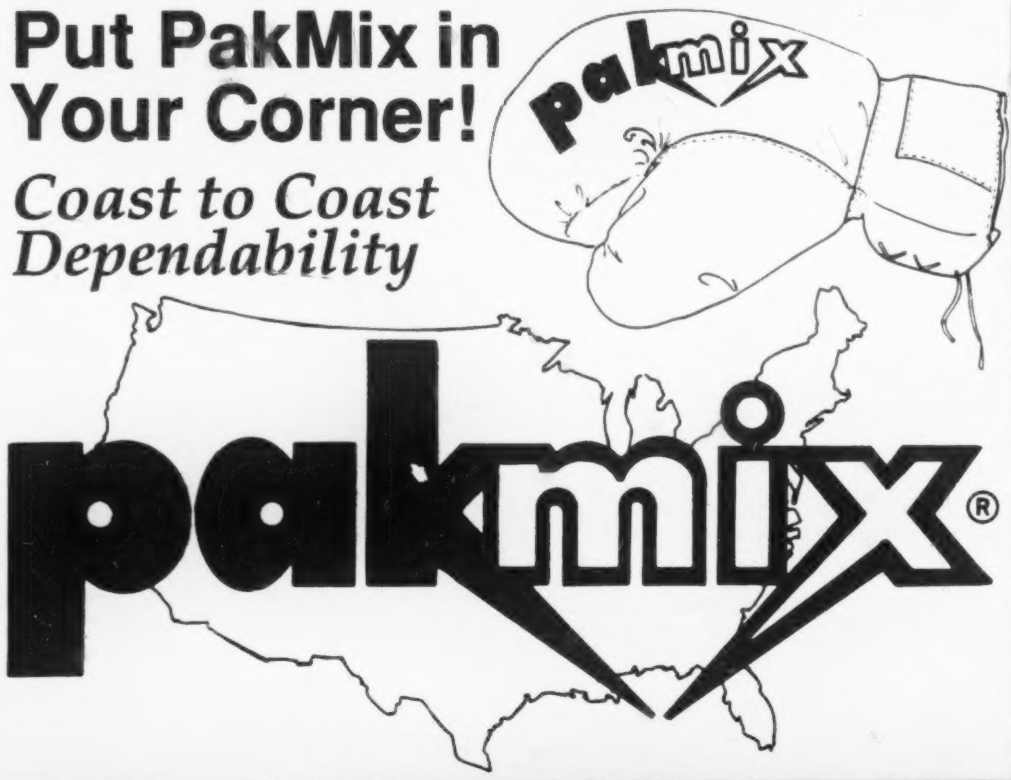

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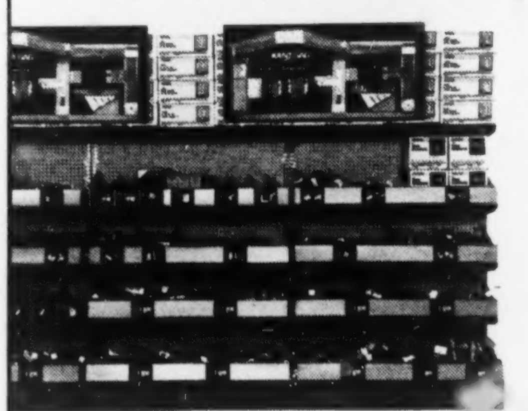
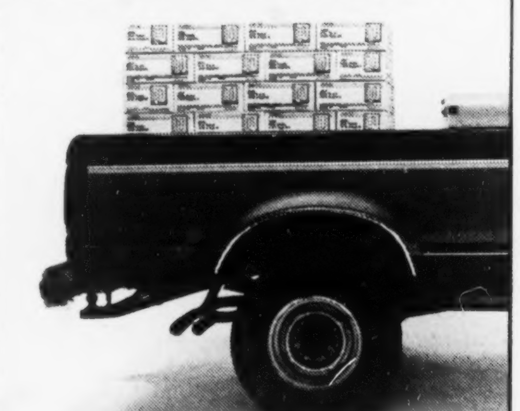
**Circle 26 on Reader Service Card**

**Kant-Sag® presents two vehicles for moving more construction hardware**





For do-it-yourself and contractor customers, Kant-Sag offers one of the largest lines of lumber connectors to meet a wider variety of applications. And they're backed by programs and services that make selling them easy, including full custom part capabilities.

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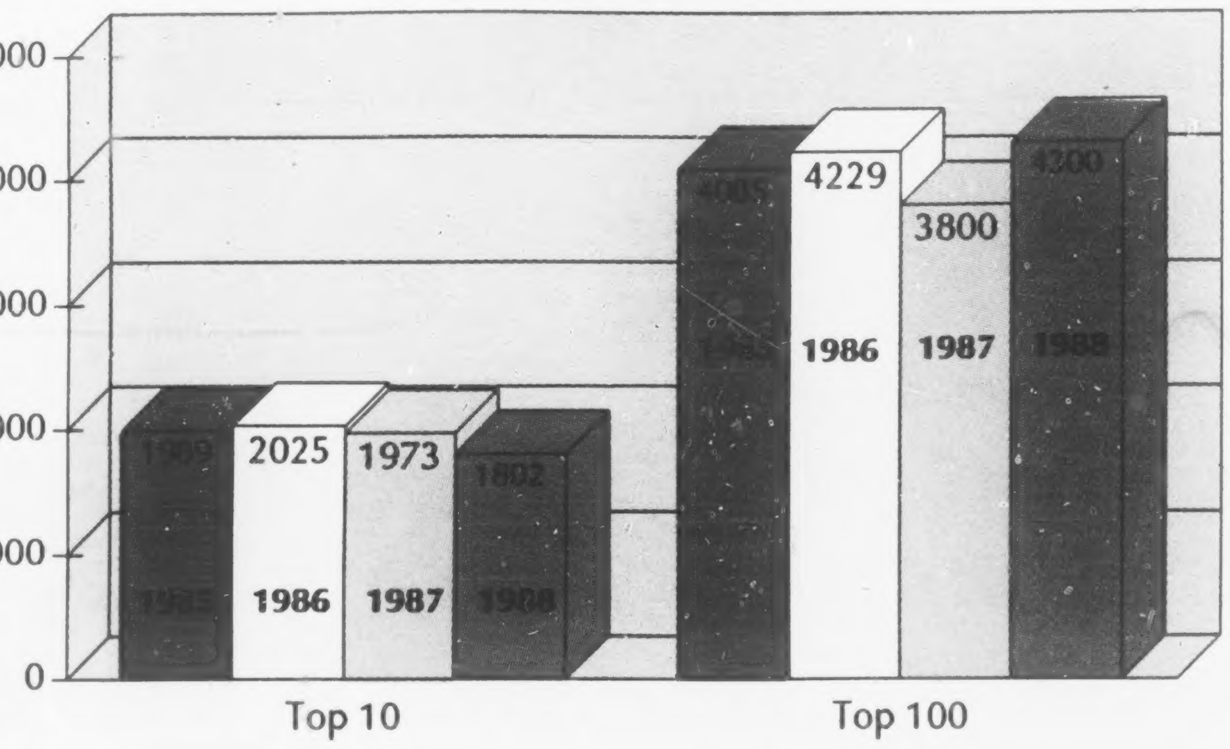
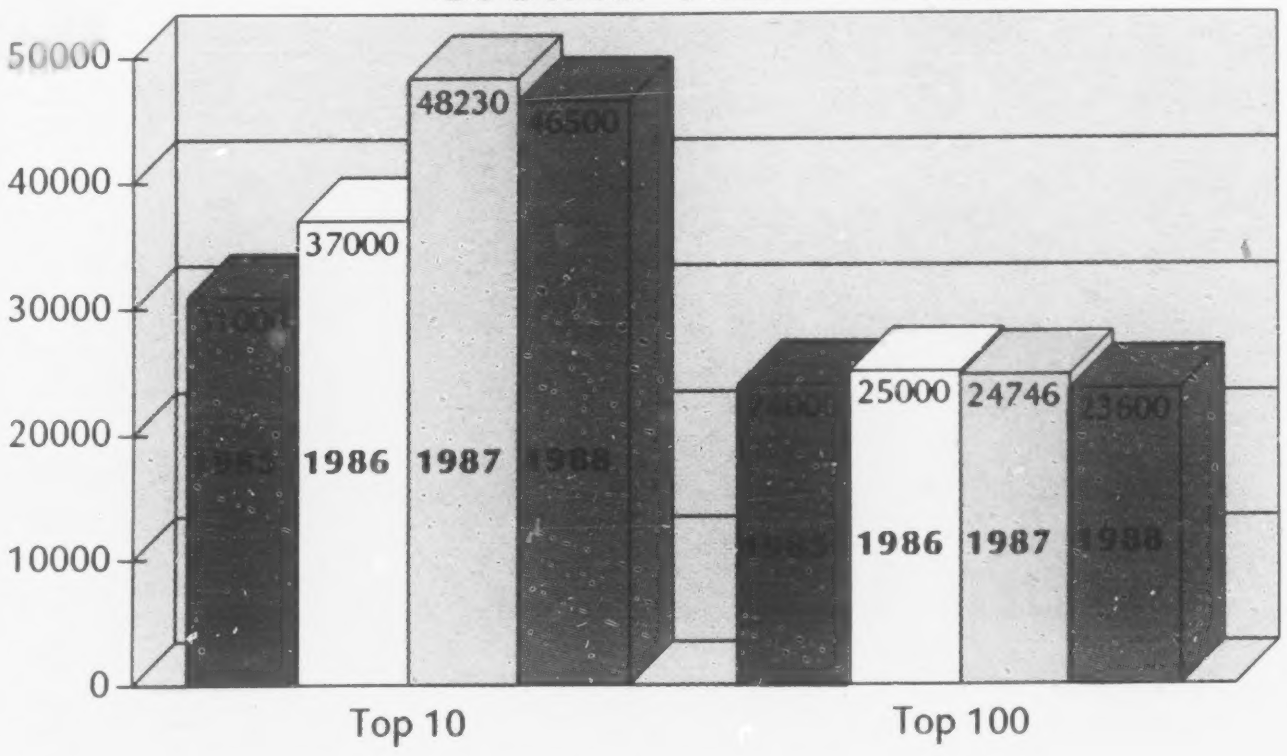
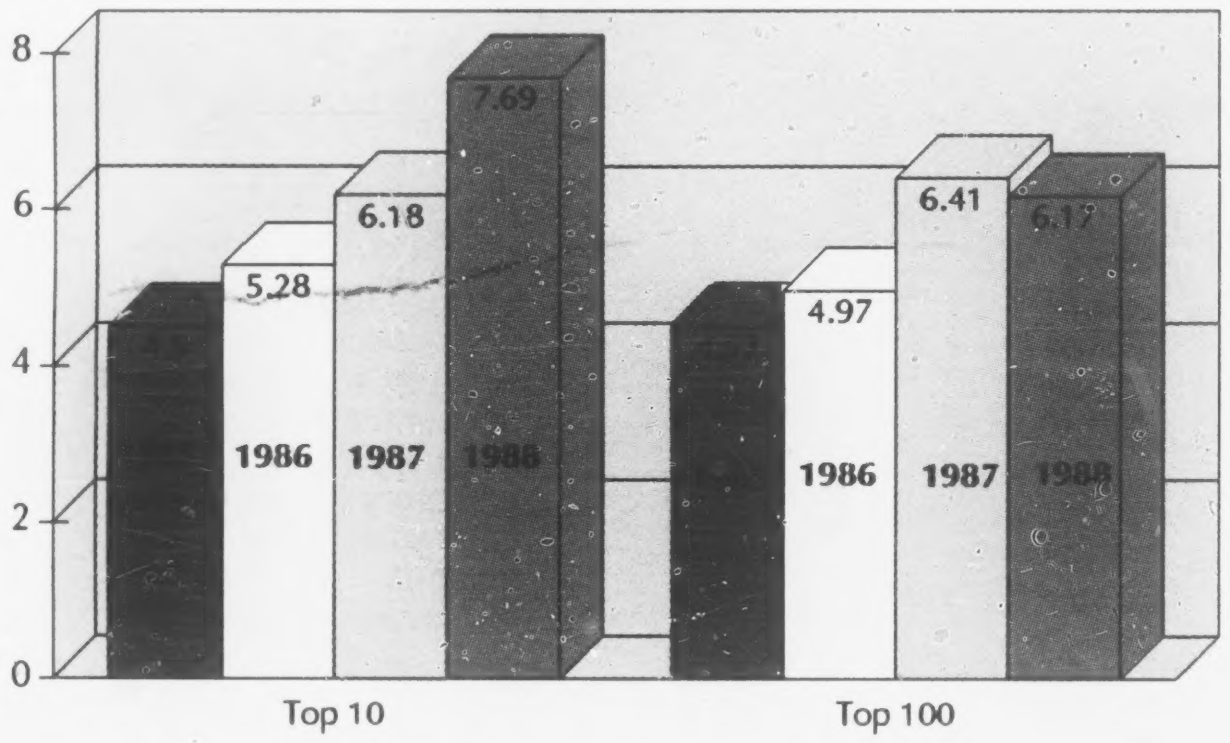
## Store Unit Growth 1985 - 1988



## Average Store Square Footage Growth 1985 - 1988



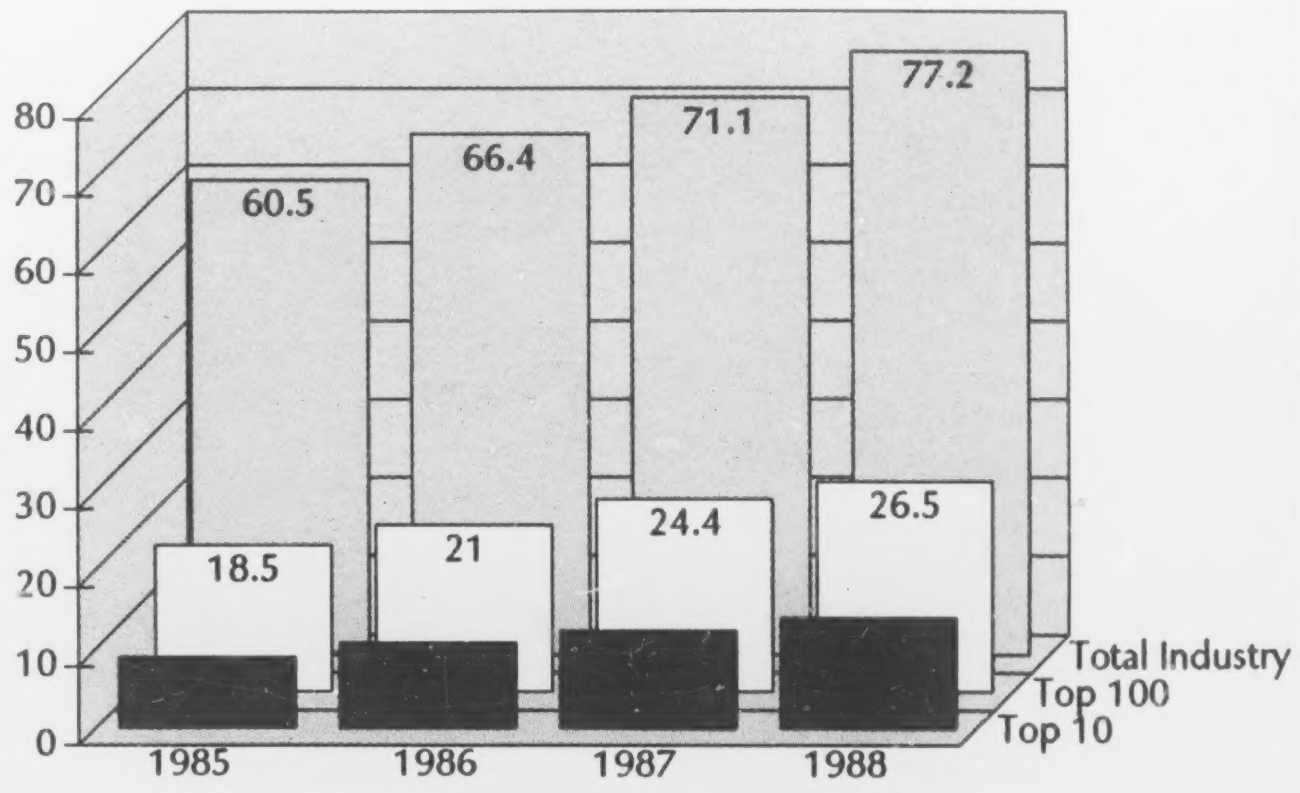
## Sales Per Store From 1985 - 1988 In $ Millions



The charts tracking store unit and square foot growth over the past four years are a function of which companies happened to be among the top 10 and 100 retailers that particular year, and what was going on in the industry during that year. For example, in 1987 there was a dip in store count primarily because of the widespread store closings that occurred in that year by such companies as Wickes and Diamond Lumber.

In 1988, the top 10 store count is lower primarily because Channel, with 161 stores, dropped out of this segment. And the average store square footage declined slightly in 1988 essentially because of the number of contractor-oriented companies with smaller showrooms whose sales have moved them into these groupings.

## Four Year Industry Growth In $ Billions



# *Larger stores, not more, is the key to increased sales in 1988*

Dealers are getting more out of their stores than ever, as overall physical expansion has slowed to a crawl for most of the industry's home center operators.

And many retailers, particularly the largest companies, have done this by making their stores larger, which means there's been more shelf space for vendors, and more flexibility for dealers to experiment with a wider range of product assortments. In many ways, the accelerated growth in the industry has allowed its dealers to become more daring in their merchandise presentations by virtue of the enlarged facilities they're working with.

It is indisputable that dealers generally have found it more cost effective to increase their showroom space than to open new stores. This is borne out statistically in the accompanying charts, which show there has been virtually no store growth between 1985 and 1988. (The swings in store count are a function of which stores were among the top 10 and 100 in a given year.)

However, the "over-storing" of the home improvement industry has more to do with the size of the units dealers—especially those among the top 10 in sales—are operating now. Where a typical large home center chain ran a store that was 31,000 square feet four years ago, that same store is now 46,500 square feet, a 50 percent gain in showroom space.

The overall top 100 hasn't added square footage at nearly the pace of the top 10. But mid-sized chains have succeeded in squeezing more dollars out of their stores nonetheless. Volume per store for the top 100 companies has growth by 36.5 percent to $6.17 million per unit from 1985 to 1988. And the big chains, by virtue of their store size and increasing dominance over many markets, have seen their sales per store jump 70 percent to $7.69 million.

The addition of square footage is one of the main reasons why the top 10 companies' sales have been growing at a faster clip than the top 100 or the retail home improvement industry as a whole. And, as the chart above indicates, the leading 10 companies slowly but surely have been nibbling away at the industry's market, taking a larger slice of the pie each of the last four years.

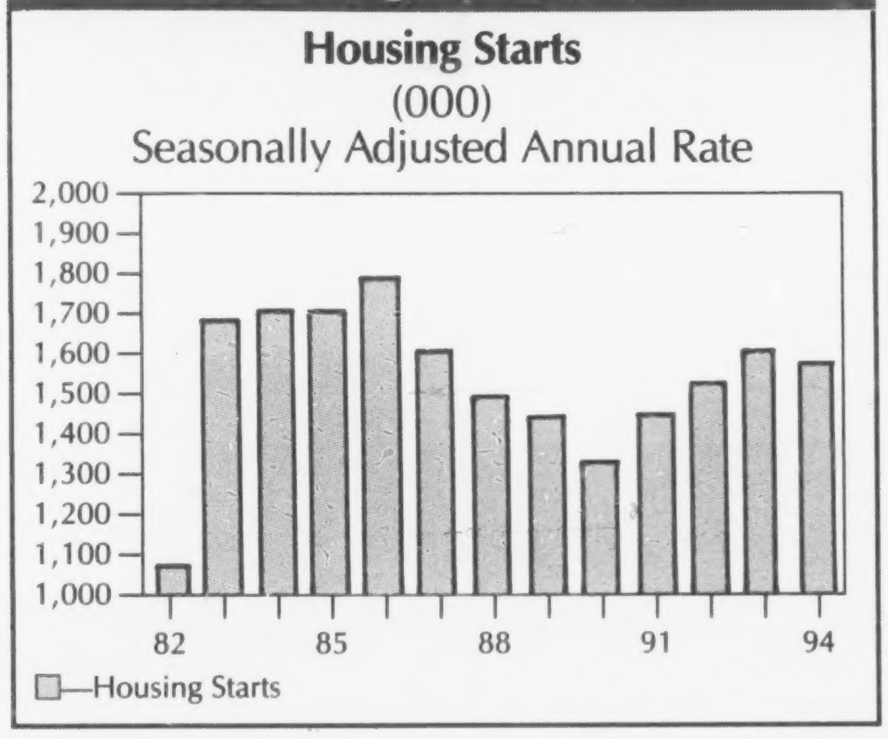
## Top Ten As A Percent of Industry Total ($ Billion)

| Year | Top 10 | Total Industry | Percent |
|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] |
| 1986 | 10.7 | 66.4 | 16.1 |
| 1987 | 12.2 | 71.1 | 17.1 |
| 1988 | 13.8 | 77.2 | 17.3 |

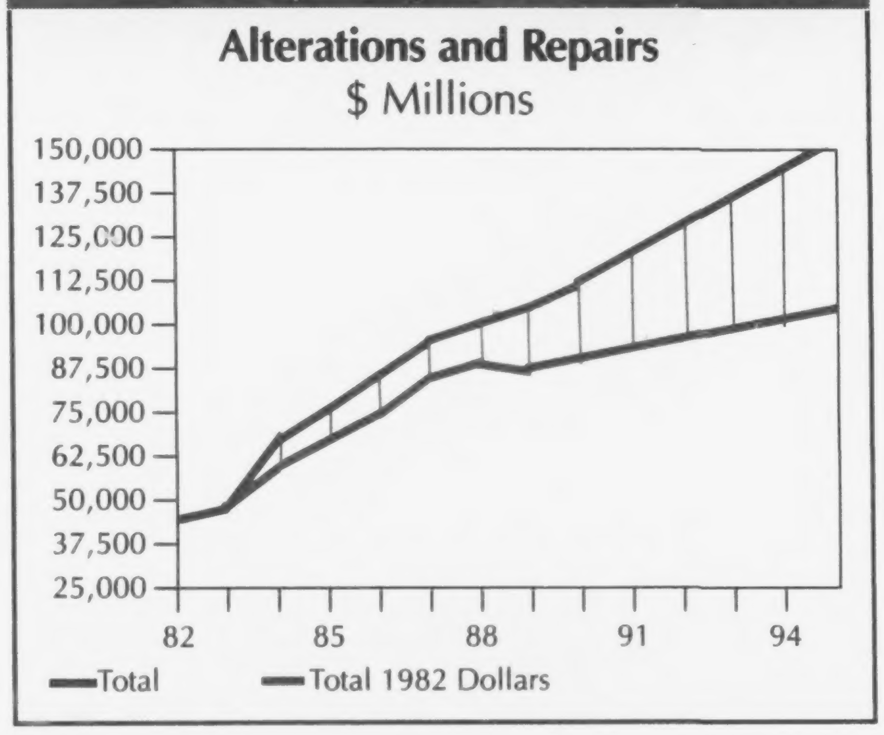
RETAIL
CENSUS

# National and Regional

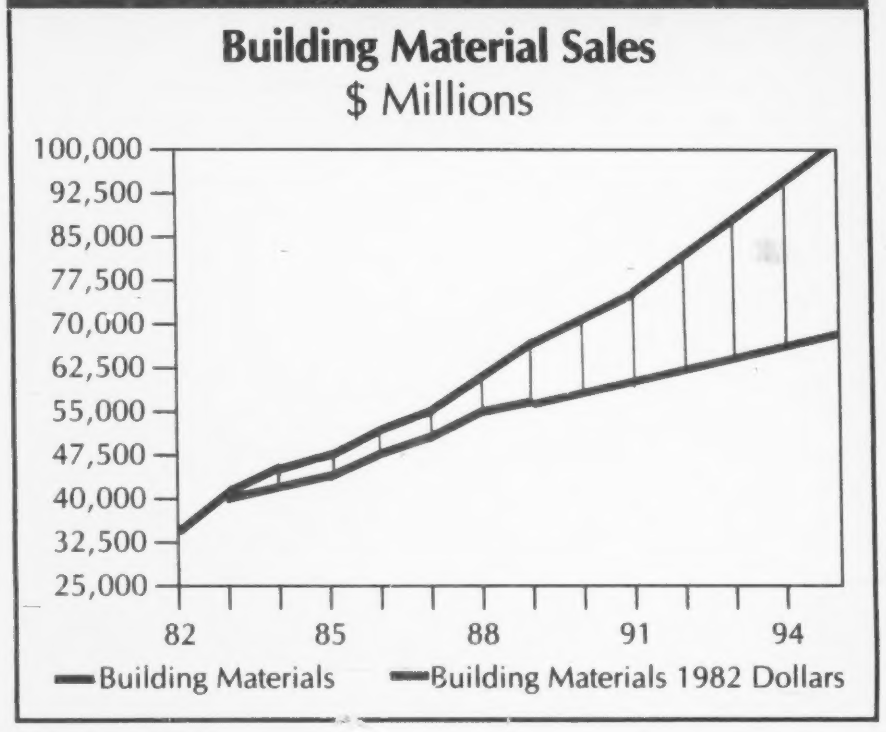
**Weakening new housing starts . . .**


**Housing Starts**
(000)
Seasonally Adjusted Annual Rate

**. . . will bolster alterations and repairs . . .**


**Alterations and Repairs**
$ Millions

**. . . and spur more moderate building material sales.**


**Building Material Sales**
$ Millions

# *Building material sales to soften in '89, recover in '91*

**By Richard E. Mount**
*Special to NHCN*

Economic growth and building material sales are slowing in early 1989 from their rapid paces of 1988, a softening that should continue through 1990. While the pace of business will be less, it is unlikely that a recession will develop. Recovery will begin in 1991 and 1992, followed by moderate growth in 1993-94.

Demographics will be the long-term concern for housing in the late 1990s, but with the recent shortfall in new home starts, pent up demand will keep housing strong in the first half of the decade.

Inflation is the current short-term economic concern, with rapid gains posted in the opening months of this year. These surges were concentrated in food and energy, two volatile sectors that had been weak in recent years. Removing these two sectors from the total, overall inflation was only slightly stronger than in 1988.

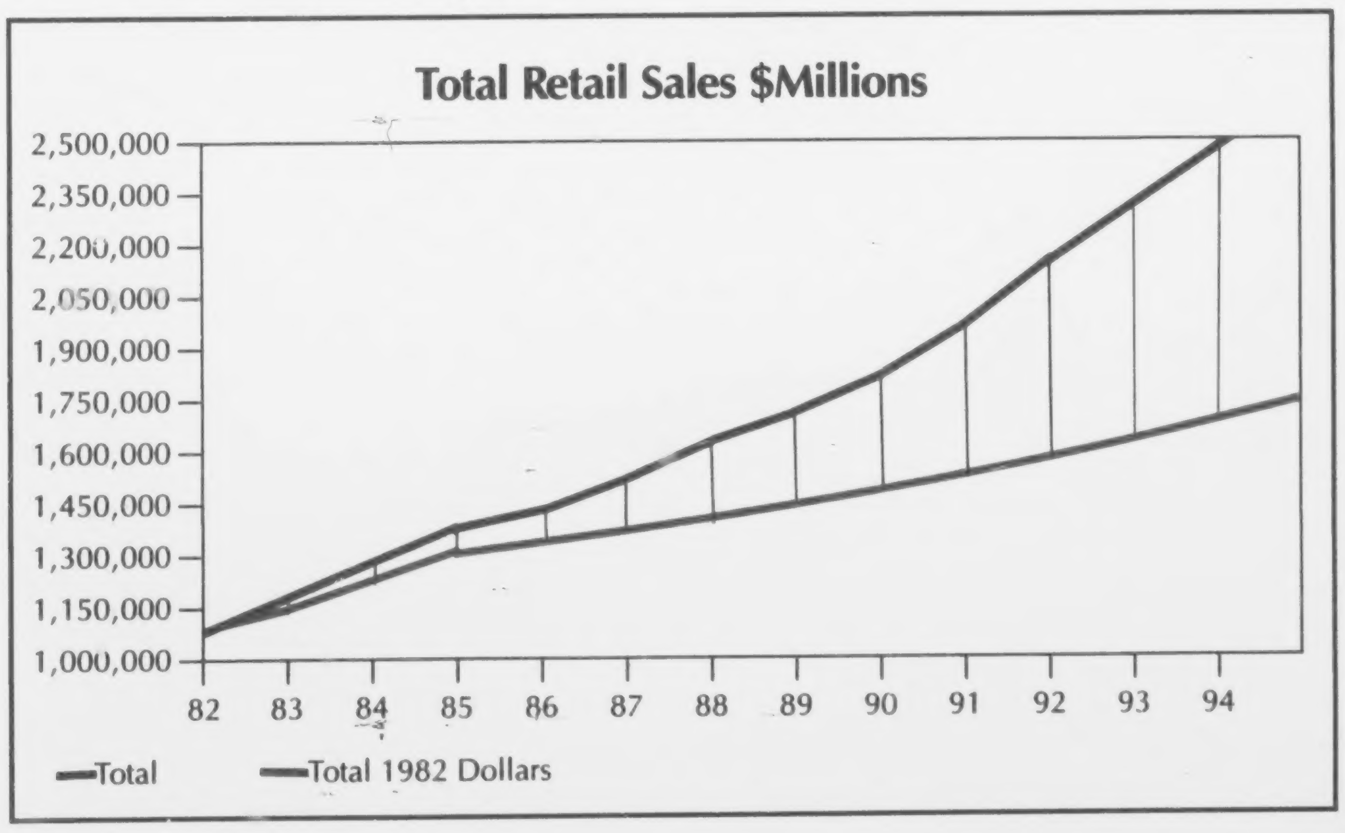
Slower Gross National Product (GNP) growth in the first quarter of 1989 resulted from a tightening in monetary policy begun last fall by the Federal Reserve. By increasing rates, housing and other interest rate sensitive markets contracted. But the slower growth anticipated through 1990 will lessen inflationary pressures in about nine months, allowing for a reduction in rates by the beginning of next year.

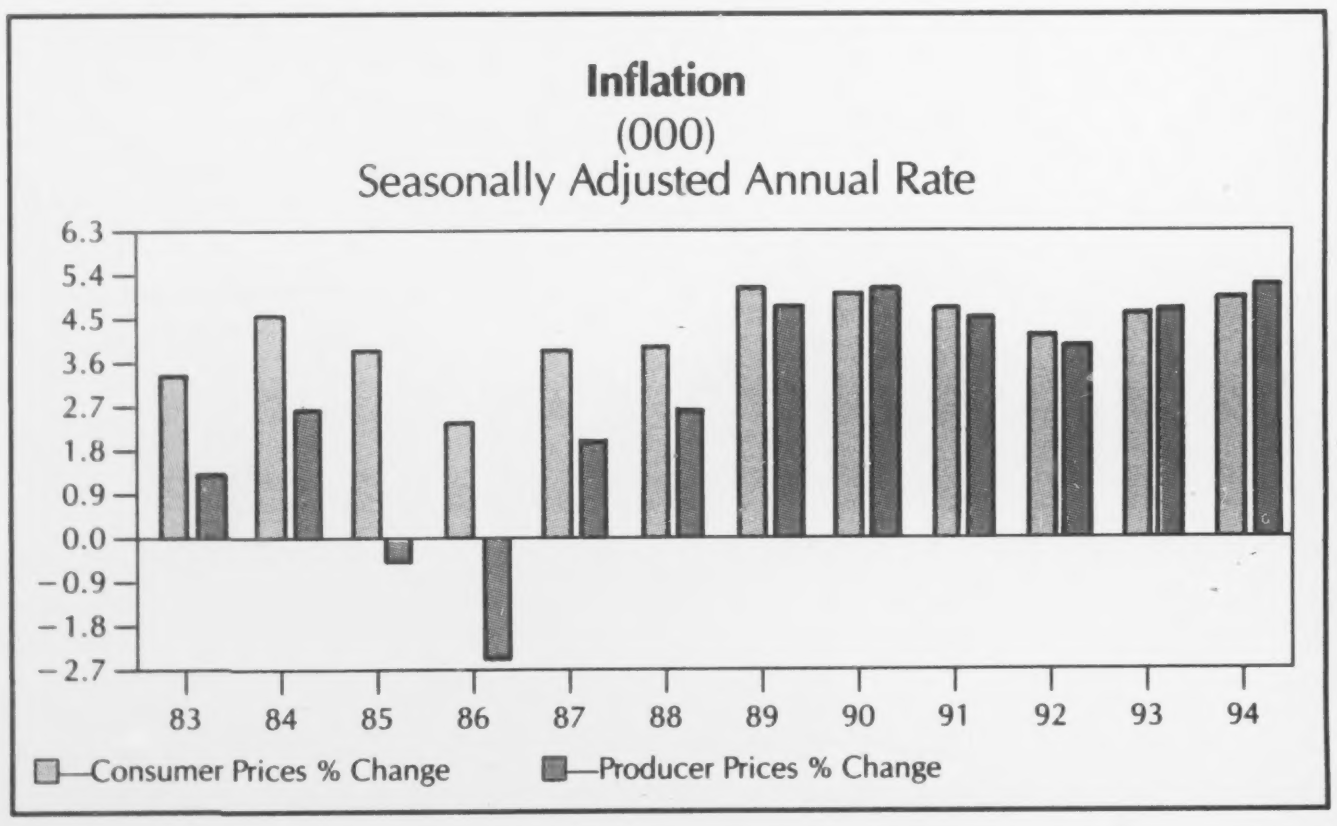
With housing contracting since late 1985, lower mortgage rates in 1990 will increase demand. Housing will be boosted in 1991 not only by lower rates but by a rebirth in the demand for multi units which have been pressured by high vacancy rates and past changes to the tax laws.

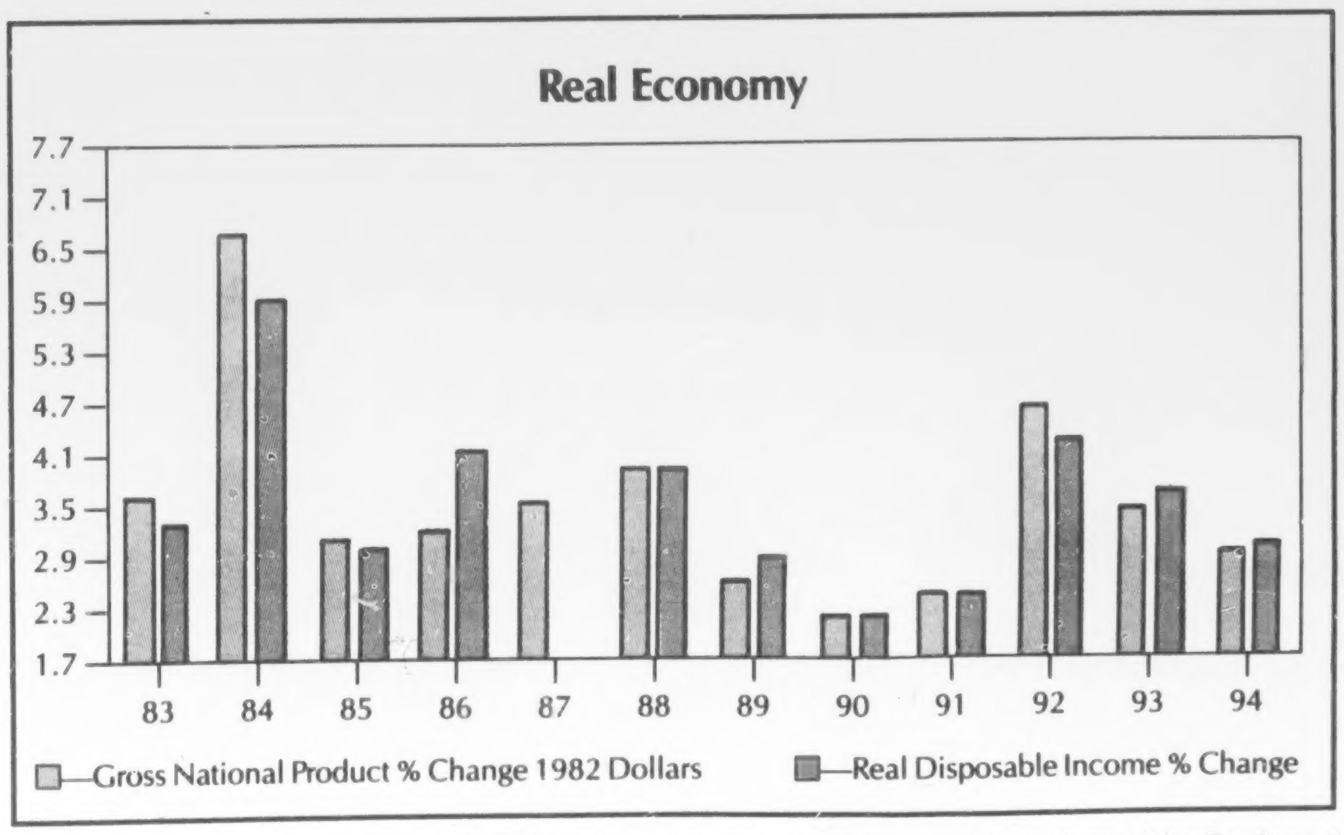
Resales, the best indicator for future building material sales, will not be as volatile as starts. Demand will shift to resales when starts weaken because of the gap in prices. When recovery begins, new housing demand should rise faster than resales.

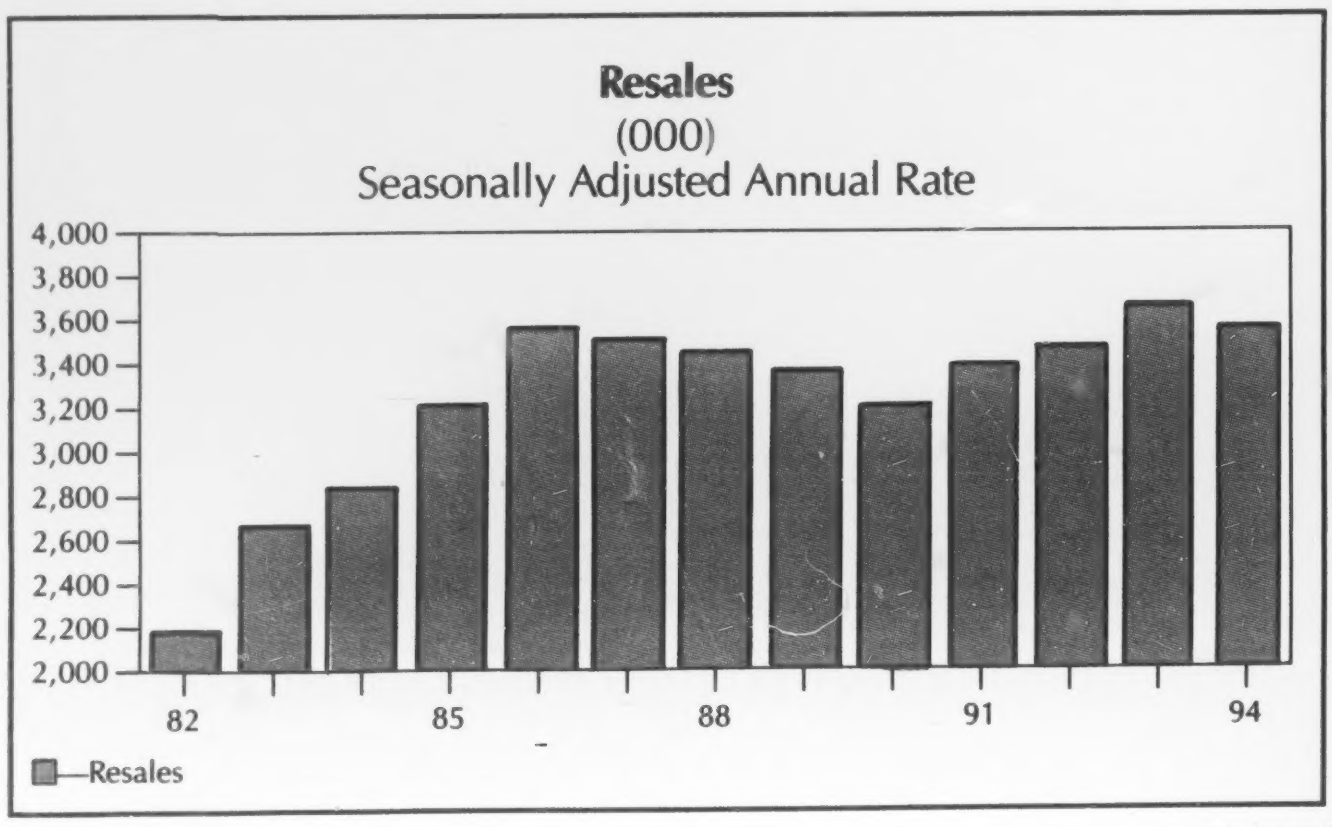
Home improvements and maintenance should remain strong throughout this period. The soft period of economic growth through 1990 will not be severe. Consumer incomes will not be pinched and interest rates little changed from today's levels, allowing for a continuation of spending. For 1990-92, maintenance should be strong relative to improvements. In 1992-93, spending should shift back to improvements of existing properties.

Building material retail sales will face a slower period of growth in 1989 and 1990, as demand shifts to improvements and maintenance, away from new construction. In the 1991-92 period, new construction will become the faster-growth market. While sales were up 9 percent in 1988, a slower average gain of 5.9 percent is anticipated for 1989-90, with an average rate of 7.4 percent during the 1991-92 recovery.


**Total Retail Sales $Millions**


**Inflation**
(000)
Seasonally Adjusted Annual Rate


**Real Economy**


**Resales**
(000)
Seasonally Adjusted Annual Rate

Sources: Dept of Commerce; Bureau of Labor Statistics; National Association of Realtors; Dept. of Housing and Urban Development

*NHCN* chart

## RETAIL CENSUS

# Outlook: 1989-1994

## *Sales paces in certain regions expected to change*

**By Richard E. Mount**
*Special to NHCN*

Over the next few years, sales of building materials are expected to fall and rise sharply, and advance moderately in the 1993-94 out years in line with the overall national economy.

However, demand by region will vary through 1994 depending upon the economic characteristics of each area.

Building material sales in the Northeast are expected to grow slightly slower than the national average during this period. The major problem for the region is high home prices, and the cost and availability of labor. This will restrict the population in-migration from other regions of the country, where labor is less tight and, at the same time, will encourage firms located in the Northeast to move some operations elsewhere.

Because of its edge in financial and business services, education and culture, it will remain a strong market for upper income households.

In the near term, areas with a concentration in capital goods and export industries, such as the East North Central and East South Central states, will be the strongest markets. As the economy slows over the next two years, these regions will decline later and somewhat more than the national average.

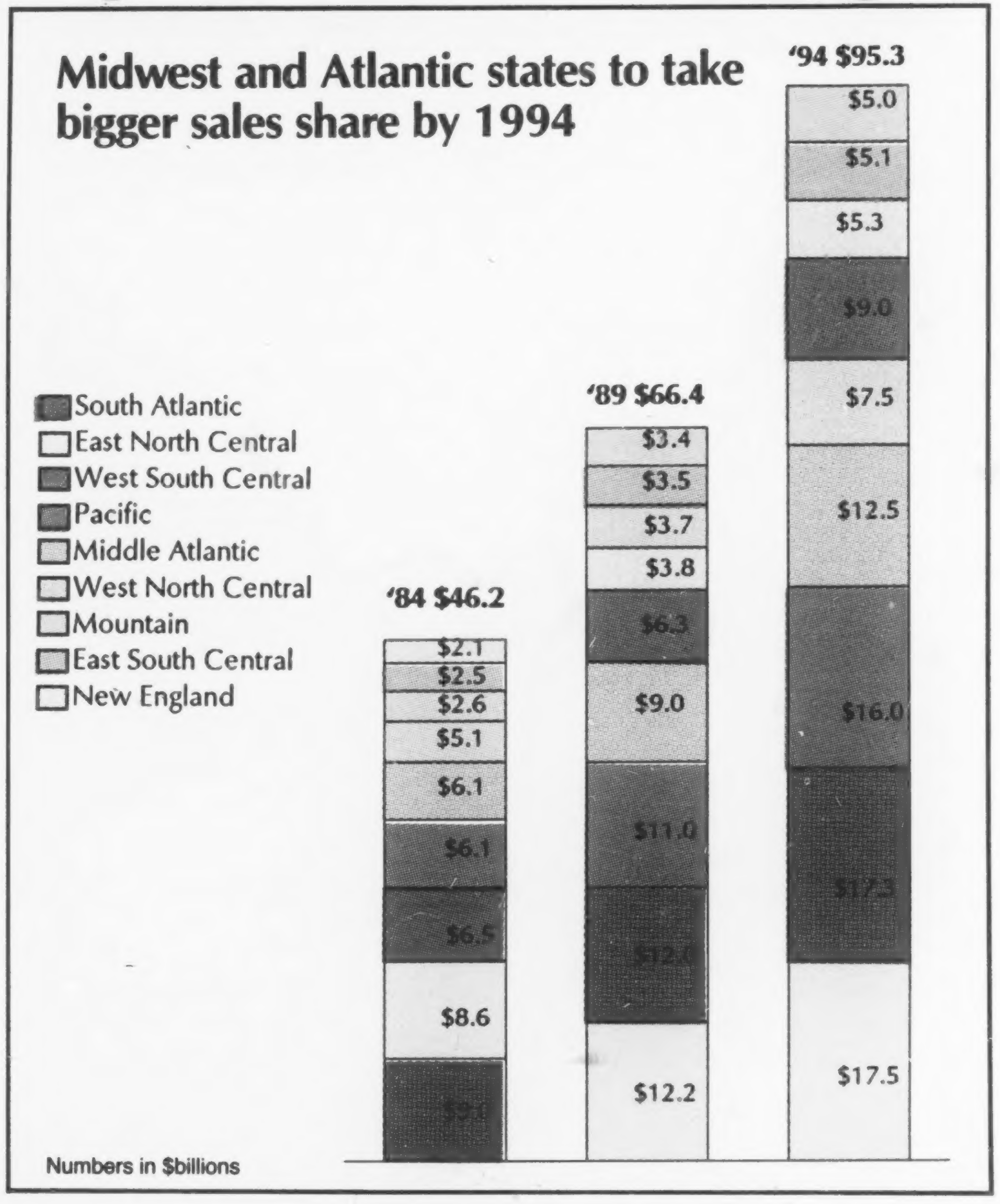
Agricultural states, especially in the West North Central region, are currently staging a comeback that should persist through 1991, as lower interest rates reduce the value of the dollar, thereby increasing exports.

The South Atlantic states will grow slightly faster than the national average through 1994. The region's advantages include lower land development costs, energy, and wage rates. While Florida continues to boom, North Carolina and Virginia will also be good markets.

Energy prices should rise throughout the forecast period, with crude oil prices reaching $28 to $30 per barrel by 1994. Higher prices will encourage domestic production, boosting the economies of the West South Central and Mountain states. There will be additional pockets of strength in Alaska, West Virginia and Pennsylvania. Building material sales should rise faster through 1992 than the national average here.

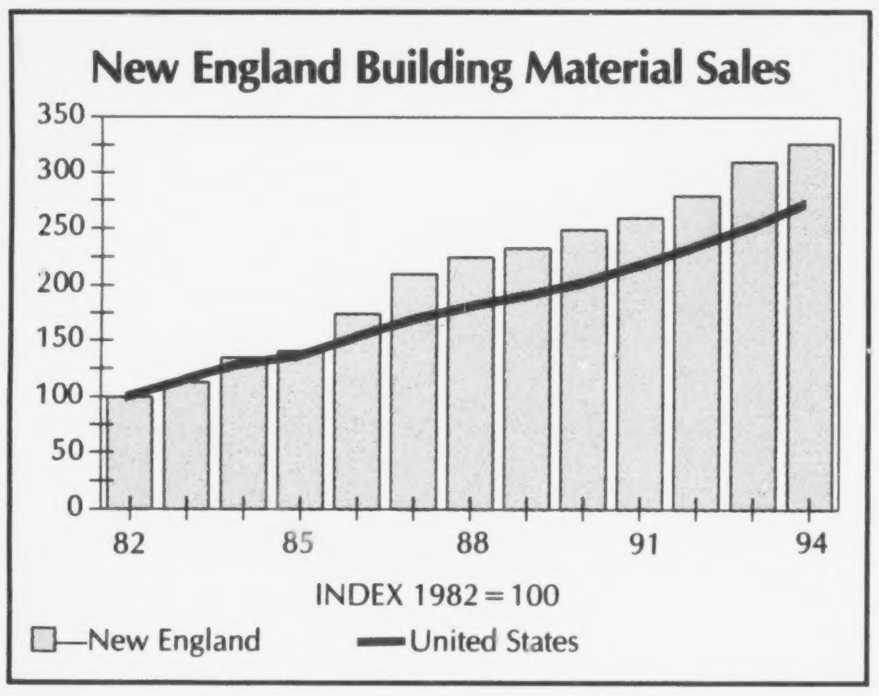
Pacific states will find it increasingly difficulty to grow faster than the nation as a whole through 1994. Los Angeles and San Francisco are increasingly facing the problems of the Northeast—overcrowding, high labor costs and lack of vacant land.

*Richard Mount is president and chief economist with Mount Economic Consulting.*

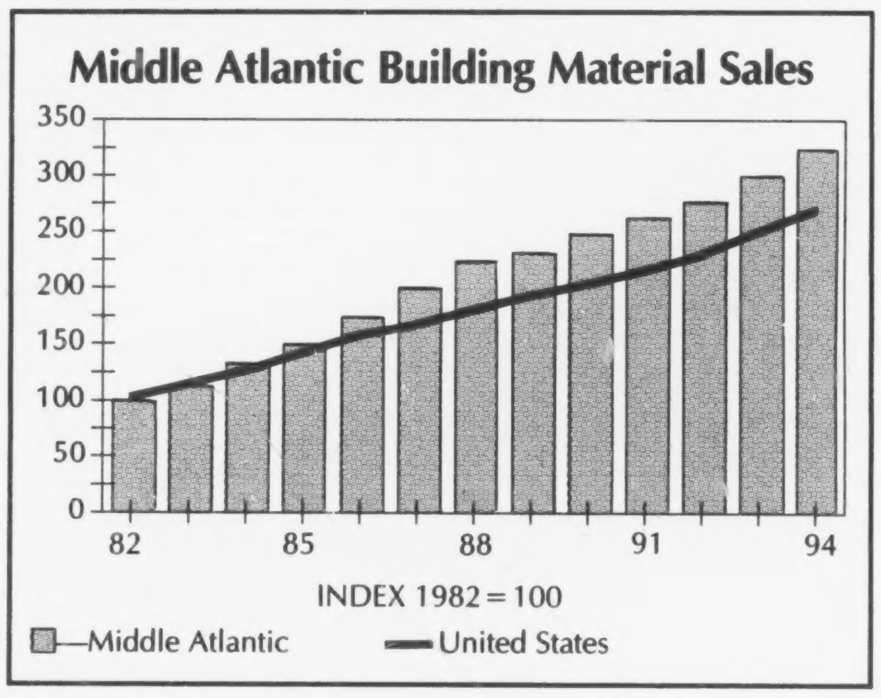


**Midwest and Atlantic states to take bigger sales share by 1994**

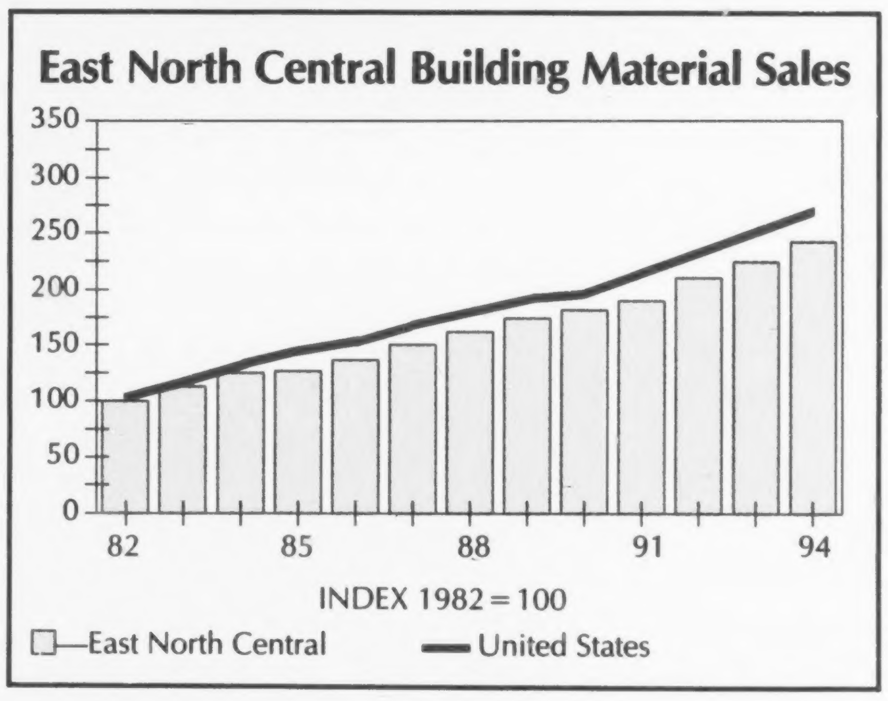
Numbers in $billions



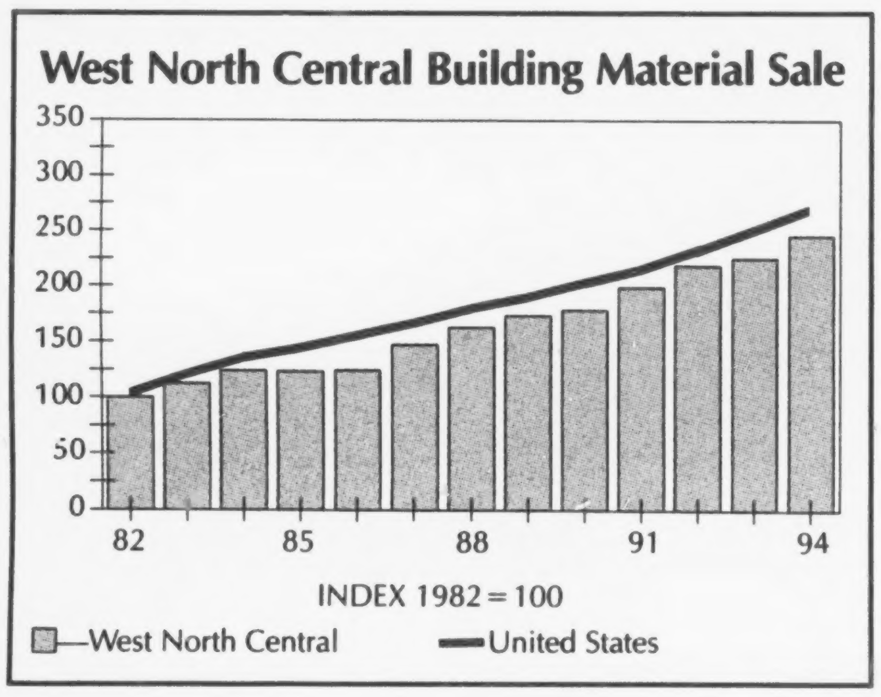
**New England Building Material Sales**



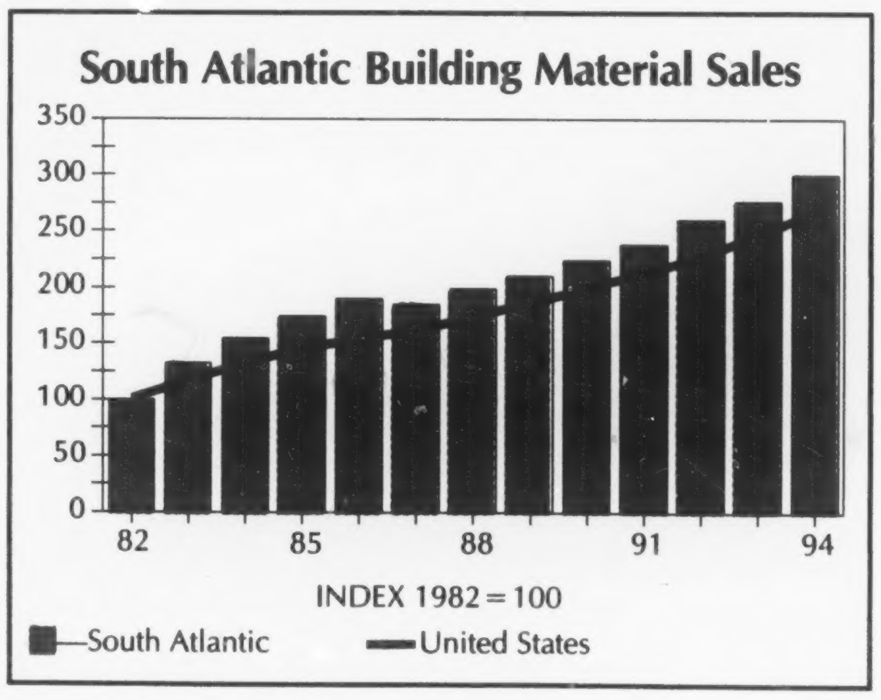
**Middle Atlantic Building Material Sales**



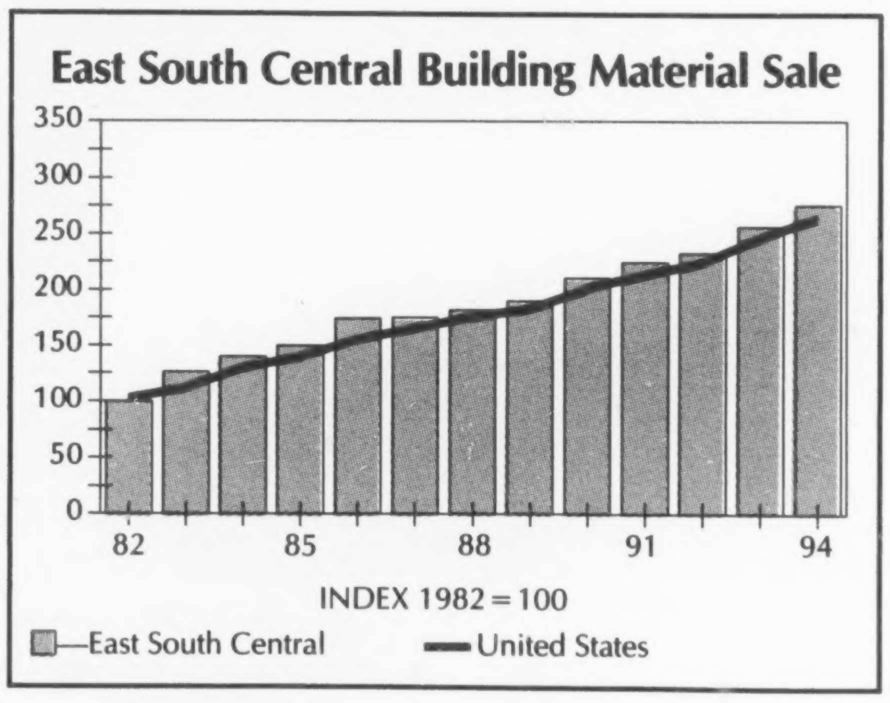
**East North Central Building Material Sales**



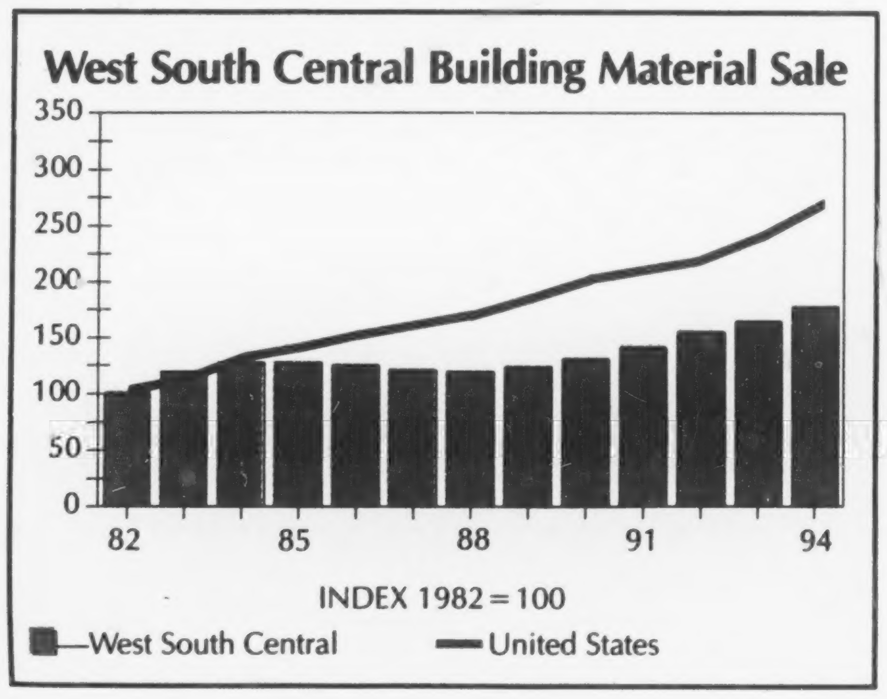
**West North Central Building Material Sale**



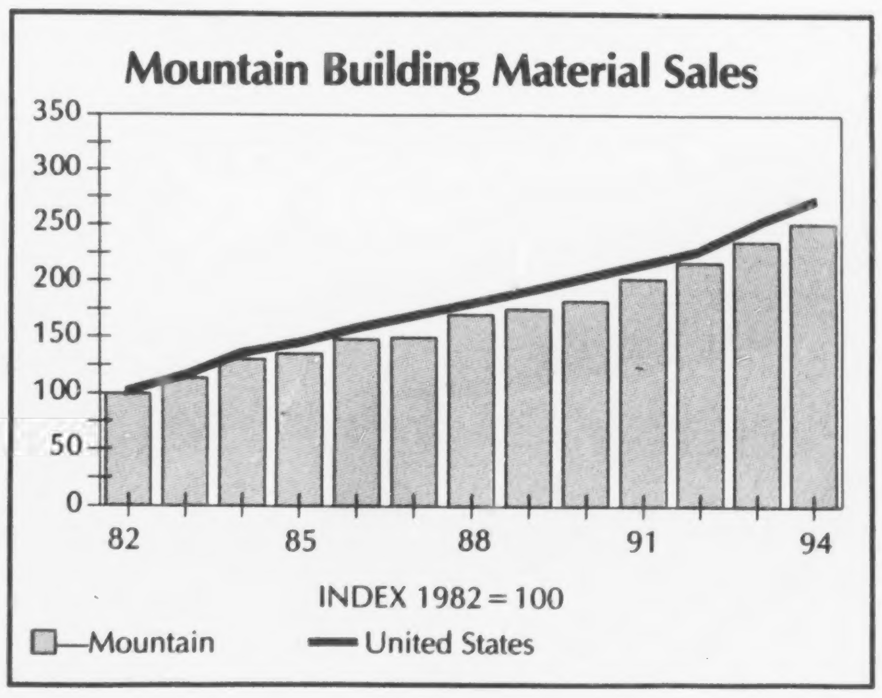
**South Atlantic Building Material Sales**



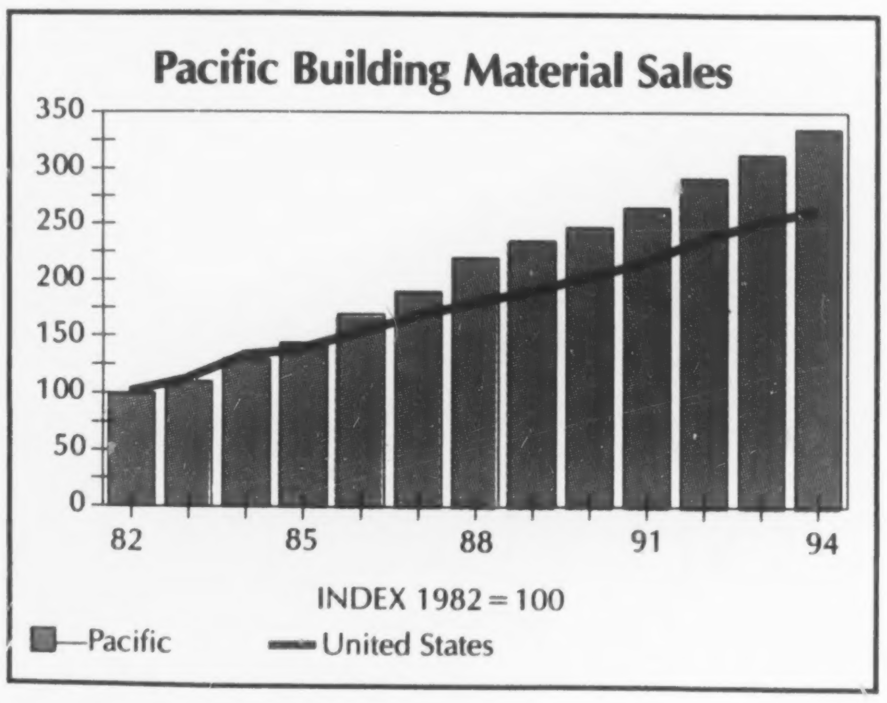
**East South Central Building Material Sale**



**West South Central Building Material Sale**



**Mountain Building Material Sales**



**Pacific Building Material Sales**

## RETAIL CENSUS

# THE *NHCN* TOP 300 RETAILERS

| Rank 1988 | Rank 1987 | Company | In Millions | | | % DIY | | Number of Stores | | Showroom sq. ft. Store avg. | | SKUs Store avg. | | Employees | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Sales 1988 | Sales 1987 | % Change 1987-1988 | 1988 | 1987 | 1988 | 1987 | 1988 | 1987 | 1988 | 1987 | 1988 | 1987 |
| 1 | 1 | **Lowe's Cos.,** North Wilkesboro, N.C. | $2,516 | $2,440 | 3 | 57 | 57 | 296 | 295 | 17,104 | 16,182 | 30,000 | 26,000 | 14,800 | 14,761 |
| 2 | 3 | **The Home Depot,** Atlanta | 2,000 | 1,450 | 38 | 85 | 85 | 96 | 75 | 86,000 | 82,000 | 30,000 | 25,000 | 13,000 | 8,100 |
| 3 | 2 | **Payless Cashways,** Kansas City, Mo.[1] | 1,900 | 1,770 | 7 | 90 | 93 | 195 | 195 | 27,000 | 27,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| 4 | 4 | **Builders Square,** San Antonio, Texas | 1,700 | 1,400 | 21 | 70 | 70 | 133 | 118 | 80,000 | 80,000 | 22,000 | 24,000 | 15,000 | 11,000 |
| 5 | 5 | **Wickes Lumber,** Vernon Hills, Ill. | 1,200 | 1,200 | 0 | 40 | 40 | 210 | 224 | 9,000 | 9,000 | 10,000 | 10,000 | 7,500 | 7,500 |
| 6 | 6 | **Grossman's,** Braintree, Mass. | 1,142 | 1,077 | 6 | 80 | 80 | 246 | 258 | 31,870 | 29,302 | 11,000 | 10,000 | 8,100 | 7,700 |
| 7 | 10 | **Hechinger,** Landover, Md.[2] | 1,020 | 725 | 41 | 95 | 95 | 92 | 79 | 60,000 | 60,000 | 40,000 | 40,000 | 14,000 | 10,000 |
| 8 | 7 | **84 Lumber,** Eighty-Four, Pa. | 900 | 821 | 10 | 25 | 20 | 369 | 361 | 20,000 | 20,000 | 3,000 | 3,000 | 3,200 | 4,500 |
| 9 | 11 | **HomeClub,** Fullerton, Calif.* | 775 | 650 | 19 | 100 | 100 | 46 | 36 | 100,000 | 100,000 | 12,500 | 12,500 | 6,000 | 5,000 |
| 10 | 9 | **Builders Emporium,** Irvine, Calif.[3] | 700 | 725 | – 3 | 90 | 90 | 119 | 127 | 35,000 | 35,000 | 25,000 | 25,000 | 7,200 | 7,200 |
| 11 | 8 | **Channel Home Centers,** Whippany, N.J. | 675 | 725 | – 7 | 98 | 98 | 161 | 180 | 45,000 | 45,000 | 25,000 | 25,000 | 8,500 | 9,500 |
| 12 | 12 | **Sutherland,** Kansas City, Mo.* | 660 | 635 | 4 | 80 | 80 | 85 | 83 | 22,000 | 22,000 | 15,000 | 15,000 | 2,900 | 2,900 |
| 13 | 13 | **Menard's,** Eau Claire, Wis. | 620 | 590 | 5 | 85 | 85 | 40 | 38 | 70,000 | 70,000 | 50,000 | 50,000 | 3,300 | 3,300 |
| 14 | 14 | **Scotty's,** Winter Haven, Fla.[4] | 551 | 528 | 4 | 70 | 70 | 160 | 141 | 49,000 | 49,000 | 16,000 | 16,000 | 7,000 | 6,303 |
| 15 | 15 | **Rickel,** South Plainfield, N.J. | 503 | 466 | 8 | 100 | 100 | 51 | 49 | 42,000 | 42,000 | 28,000 | 28,000 | 5,812 | 5,675 |
| 16 | 16 | **Pay 'N Pak,** Kent, Wash.* | 463 | 429 | 8 | 100 | 100 | 105 | 100 | 33,900 | 32,450 | 15,000 | 15,000 | 2,300 | 2,300 |
| 17 | 17 | **Handy Andy,** Schaumburg, Ill.* | 370 | 325 | 14 | 98 | 98 | 49 | 44 | 68,000 | 65,000 | 25,000 | 25,000 | 4,500 | 4,000 |
| 18 | 18 | **Lanoga,** Redmond, Wash.[5] | 327 | 323 | 1 | 50 | 50 | 124 | 127 | 7,000 | 7,000 | 16,000 | 16,000 | 2,090 | 2,000 |
| 19 | 21 | **Erb Lumber,** Birmingham, Mich.[6] | 315 | 288 | 9 | 50 | 50 | 50 | 44 | 12,000 | 11,500 | 10,000 | 10,000 | 1,650 | 1,400 |
| 20 | 22 | **West Building Materials,** Atlanta | 300 | 283 | 6 | 50 | 50 | 68 | 68 | 45,000 | 42,000 | 20,000 | 18,000 | 3,000 | 3,200 |
| 21 | 20 | **Pergament Home Centers,** Melville, N.Y. | 300 | 300 | 0 | 88 | 88 | 40 | 36 | 40,000 | 40,000 | 40,000 | 37,200 | 3,000 | 3,000 |
| 22 | 19 | **Central Hardware,** Bridgeton, Mo. | 275 | 300 | – 8 | 100 | 100 | 38 | 35 | 65,000 | 65,000 | 40,000 | 40,000 | 3,500 | 3,200 |
| 23 | 25 | **Diamond Lumber,** Dallas | 273 | 233 | 17 | 20 | 20 | 64 | 63 | 7,300 | 7,300 | 8,500 | 8,500 | 1,500 | 1,500 |
| 24 | 24 | **Carter-Jones Lumber,** Kent, Ohio | 260 | 242 | 7 | 55 | 55 | 146 | 146 | 8,000 | 8,000 | 8,000 | 8,000 | 2,000 | 2,000 |
| 25 | 23 | **Ernst Home & Nursery,** Seattle | 260 | 260 | 0 | 100 | 100 | 73 | 73 | 33,000 | 33,000 | 25,000 | 25,000 | 2,200 | 2,650 |
| 26 | 26 | **Wolohan Lumber,** Saginaw, Mich. | 258 | 229 | 13 | 52 | 51 | 45 | 42 | 23,000 | 23,000 | 8,000 | 8,000 | 1,600 | 1,500 |
| 27 | 27 | **Orchard Supply Hardware,** San Jose, Calif.*[7] | 250 | 200 | 25 | 80 | 80 | 31 | 30 | 35,000 | 35,000 | 45,000 | 45,000 | 3,000 | 2,900 |
| 28 | 29 | **McCoy's,** San Marcos, Texas | 216 | 190 | 14 | 70 | 70 | 86 | 80 | 15,000 | 15,000 | 8,000 | 8,000 | 1,000 | 1,000 |
| 29 | 28 | **Gerrity Building Centers,** Newton Falls, Mass. | 194 | 194 | 0 | 23 | 15 | 19 | 18 | 4,500 | 4,500 | 12,000 | 12,000 | 721 | 721 |
| 30 | 33 | **Mr. Goodbuys,** Philadelphia | 180 | 138 | 30 | 95 | 95 | 17 | 12 | 75,000 | 75,000 | 40,000 | 40,000 | 2,200 | 1,800 |
| 31 | 32 | **BMC West,** Boise, Idaho | 166 | 149 | 11 | 25 | 25 | 20 | 20 | 10,000 | 10,000 | 12,000 | 12,000 | 930 | 850 |
| 32 | 34 | **Terry Companies,** Tarzana, Calif. | 163 | 133 | 23 | 5 | 8 | 13 | 13 | 5,000 | 5,000 | 10,000 | 10,000 | 530 | 520 |
| 33 | 30 | **National Lumber,** Fountain Valley, Calif. | 152 | 159 | – 4 | 99 | 99 | 20 | 20 | 60,000 | 60,000 | 24,000 | 24,000 | 1,300 | 1,500 |
| 34 | 31 | **Strober Organization,** Brooklyn, N.Y.[8] | 145 | 152 | – 5 | 10 | 10 | 12 | 12 | 15,000 | 15,000 | 16,000 | 16,000 | 500 | 480 |
| 35 | 35 | **Dixieline,** San Diego | 140 | 115 | 22 | 48 | 53 | 10 | 9 | 20,000 | 20,000 | 25,000 | 25,000 | 1,050 | 900 |
| 36 | 38 | **Meeks Building Centers,** Springfield, Mo. | 122 | 110 | 11 | 40 | 40 | 27 | 25 | 14,000 | 14,000 | 30,000 | 27,000 | 500 | 500 |
| 37 | 42 | **The Andersons,** Maumee, Ohio | 120 | 100 | 20 | 34 | 34 | 6 | 6 | 120,000 | 120,000 | 50,000 | 50,000 | 1,400 | 1,400 |
| 38 | 37 | **Copeland Lumber Yards,** Portland, Ore. | 115 | 110 | 5 | 40 | 40 | 75 | 75 | 5,000 | 5,000 | 6,000 | 6,000 | 700 | 700 |
| 39 | 43 | **P.F. O'Connor,** Braintree, Mass. | 108 | 93 | 16 | 80 | 60 | 10 | 10 | 45,000 | 10,000 | 15,000 | 11,000 | 650 | 575 |
| 40 | 36 | **Lloyd Home & Building Ctrs.,** Danbury, Conn. | 107 | 110 | – 3 | 75 | 75 | 36 | 34 | 13,000 | 12,000 | 15,000 | 15,000 | 1,000 | 1,000 |
| 41 | 50 | **Alexander Lumber,** Aurora, Ill. | 100 | 85 | 18 | 25 | 30 | 51 | 53 | 5,000 | 5,000 | 10,000 | 10,000 | 390 | 380 |
| 42 | 40 | **Foxworth-Galbraith,** Dallas | 100 | 100 | 0 | 40 | 40 | 50 | 50 | 12,000 | 12,000 | 30,000 | 30,000 | 1,000 | 1,000 |
| 43 | 41 | **Edward Hines Lumber,** Chicago* | 100 | 100 | 0 | 40 | 40 | 24 | 24 | 9,000 | 9,000 | 8,000 | 8,000 | 800 | 800 |
| 44 | 48 | **Westlake Hardware,** Lenexa, Kan. | 97 | 90 | 8 | 92 | 92 | 48 | 46 | 22,000 | 22,000 | 35,000 | 35,000 | 1,200 | 1,100 |
| 45 | 49 | **ACO,** Farmington Hills, Mich. | 91 | 86 | 6 | 85 | 85 | 72 | 72 | 13,500 | 14,000 | 20,000 | 20,000 | 1,200 | 1,100 |
| 46 | 45 | **Lyman Lumber,** Excelsior, Minn. | 91 | 91 | 0 | 5 | 5 | 4 | 4 | 2,500 | 2,500 | NA | NA | 450 | 450 |
| 47 | 59 | **Seigle's Home & Building Centers,** Elgin, Ill. | 90 | 74 | 22 | 35 | 35 | 6 | 6 | 27,000 | 27,000 | 24,000 | 24,000 | 520 | 470 |
| 48 | 47 | **Anderson Lumber,** Ogden, Utah | 90 | 90 | 0 | 30 | 30 | 22 | 22 | 6,000 | 6,000 | 15,000 | 15,000 | 550 | 550 |
| 49 | 46 | **Hill-Behan Lumber,** St. Louis | 90 | 90 | 0 | 60 | 50 | 34 | 34 | 12,000 | 12,000 | 13,000 | 13,000 | 750 | 750 |
| 50 | 44 | **Lampert Lumber,** St. Paul, Minn. | 90 | 91 | – 1 | 60 | 60 | 44 | 44 | 12,000 | 12,000 | 13,000 | 13,000 | 750 | 750 |
| 51 | 39 | **O'Malley's,** Phoenix* | 90 | 101 | –11 | 33 | 30 | 10 | 13 | 25,000 | 25,000 | 20,000 | 20,000 | 600 | 740 |
| 52 | 61 | **Brown-Graves,** Akron, Ohio | 85 | 71 | 20 | 45 | 45 | 5 | 5 | 10,000 | 10,000 | 15,000 | 15,000 | 360 | 370 |
| 53 | 52 | **Valu Home Centers,** Buffalo, N.Y.* | 85 | 81 | 5 | 100 | 100 | 27 | 25 | 27,000 | 27,000 | 15,000 | 15,000 | 800 | 750 |
| 54 | 51 | **Builderway, Inc.,** Greenville, S.C. | 85 | 82 | 4 | 15 | 15 | 14 | 14 | 6,000 | 6,000 | 8,000 | 8,000 | 400 | 400 |
| 55 | 53 | **Wolf Organization,** York, Pa. | 84 | 80 | 5 | 30 | 30 | 30 | 28 | 1,500 | 1,500 | 3,000 | 3,000 | 210 | 200 |
| 56 | 55 | **Stambaugh-Thompson,** Youngstown, Ohio. | 83 | 78 | 6 | 100 | 100 | 20 | 20 | 27,500 | 27,500 | 20,000 | 20,000 | 1,300 | 1,200 |
| 57 | 73 | **A.C. Houston Lumber,** Wichita, Kan. | 80 | 60 | 33 | 10 | 10 | 9 | 10 | 20,000 | 17,000 | 14,000 | 14,000 | 500 | 525 |
| 58 | 65 | **Thompson Building Materials,** Orange, Calif. | 80 | 70 | 14 | 20 | 20 | 9 | 9 | 25,000 | 25,000 | 1,000 | 1,000 | 290 | 290 |
| 59 | 60 | **Chase-Pitkin,** Rochester, N.Y.* | 80 | 72 | 11 | 95 | 95 | 11 | 11 | 48,000 | 45,000 | 30,000 | 30,000 | 870 | 800 |
| 60 | 54 | **James Lumber Co.,** Huntington Beach, Calif.* | 80 | 80 | 0 | 5 | 5 | 1 | 1 | 4,200 | 4,200 | NA | NA | NA | NA |
| 61 | 66 | **General Building Products,** Medford, N.Y. | 79 | 68 | 16 | 40 | 40 | 10 | 7 | 6,000 | 6,000 | 12,000 | 12,000 | 320 | 311 |
| 62 | 57 | **Seacoast/Pelican Building Centers,** Conway, S.C. | 78 | 75 | 4 | 22 | 22 | 11 | 11 | 15,000 | 15,000 | 15,000 | 15,000 | 500 | 500 |
| 63 | 63 | **Busy Beaver,** Pittsburgh | 75 | 70 | 7 | 95 | 95 | 15 | 14 | 25,000 | 20,000 | 14,000 | 13,000 | 600 | 425 |
| 64 | 56 | **Scherer Brothers,** Minneapolis | 75 | 75 | 0 | 10 | 10 | 3 | 3 | 3,000 | 3,000 | 8,000 | 8,000 | 275 | 275 |
| 65 | 58 | **Chandler Lumber,** Van Nuys, Calif. | 75 | 75 | 0 | 5 | 10 | 4 | 4 | 22,000 | 25,000 | 23,000 | 23,000 | 250 | 250 |

*NHCN estimate

[1] Payless Cashways includes $200 million in retail sales from eight-unit Somerville Lumber.

[2] Hechinger includes sales from HomeQuarters Warehouse and six-unit Triangle Building Centers, acquired last year.

[3] Builders Emporium is being offered for sale by its parent, Wickes Cos.

[4] Scotty's parent, GB-Inno-BM, the Belgian retailer, has bid to purchase Scotty's remaining common stock in March 1989.

[5] Lanoga includes sales from subsidiaries United Building Centers, Lumbermen's and Spenard's.

[6] Erb Lumber includes sales from Braver Lumber, Detroit.

[7] Wickes Cos. agreed to sell Orchard to its management on April 12, 1989.

[8] Strober Organization includes sales from General Building Supply, East Hartford, Conn., which was acquired in 1987.

# RETAIL CENSUS

| Rank 1988 | Rank 1987 | Company | In Millions | | | % DIY | | Number of Stores | | Showroom sq. ft. Store avg. | | SKUs store Average | | Employees | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Sales 1988 | Sales 1987 | % Change 1987-1988 | 1988 | 1987 | 1988 | 1987 | 1988 | 1987 | 1988 | 1987 | 1988 | 1987 |
| **66** | 68 | **Church's Lumber,** Utica, Mich. | **$72** | $67 | 7 | **75** | 75 | **16** | 15 | **20,000** | 20,000 | **17,000** | 17,000 | **550** | 500 |
| **67** | 72 | **Fagen's,** Verona, Pa. | **71** | 63 | 13 | **25** | 25 | **15** | 14 | **8,000** | 8,000 | **10,000** | 10,000 | **475** | 400 |
| **68** | 62 | **Courtesy Home Centers,** Mt. Prospect, Ill. | **70** | 70 | 0 | **85** | 80 | **6** | 6 | **50,000** | 50,000 | **35,000** | 35,000 | **900** | 910 |
| **69** | 67 | **Western Lumber,** National City, Calif.* | **68** | 67 | 1 | **50** | 50 | **10** | 10 | **7,500** | 7,500 | **8,000** | 8,000 | **500** | 500 |
| **70** | 64 | **National Home Center,** Springdale, Ark. | **68** | 70 | − 3 | **45** | 45 | **6** | 6 | **42,000** | 42,000 | **18,000** | 20,000 | **478** | 500 |
| **71** | 80 | **Ganahl Lumber,** Anaheim, Calif. | **66** | 55 | 20 | **11** | 11 | **3** | 3 | **9,000** | 9,000 | **14,000** | 14,000 | **425** | 425 |
| **72** | 96 | **Henry Bacon Building Materials,** Bellevue, Wash. | **65** | 45 | 44 | **40** | 40 | **5** | 5 | **16,000** | 16,000 | **13,000** | 13,000 | **300** | 285 |
| **73** | 76 | **Webber Lumber & Supply,** Worcester, Mass.* | **65** | 60 | 8 | **60** | 60 | **8** | 8 | **NA** | NA | **NA** | NA | **NA** | NA |
| **74** | 93 | **Barr Lumber,** Los Alamitos, Calif. | **62** | 48 | 29 | **20** | 20 | **4** | 4 | **12,500** | 12,500 | **10,000** | 10,000 | **230** | 180 |
| **75** | 82 | **Haddonfield Lumber,** Haddonfield, N.J. | **60** | 55 | 9 | **10** | 10 | **6** | 6 | **3,000** | 3,000 | **8,000** | 8,000 | **230** | 230 |
| **76** | 79 | **Williams Brothers,** Atlanta | **60** | 55 | 9 | **35** | 30 | **10** | 9 | **10,000** | 10,000 | **14,000** | 14,000 | **500** | 500 |
| **77** | 83 | **Holmes Lumber, Co.,** Jacksonville, Fla. | **60** | 55 | 9 | **4** | 4 | **4** | 4 | **10,000** | 10,000 | **16,000** | 16,000 | **450** | 425 |
| **78** | 74 | **Neiman-Reed's Lumber City,** Van Nuys, Calif. | **60** | 60 | 0 | **95** | 95 | **10** | 10 | **34,000** | 34,000 | **22,000** | 22,000 | **600** | 1,000 |
| **79** | 70 | **Cox Lumber,** St. Petersburg, Fla. | **60** | 66 | − 9 | **22** | 22 | **13** | 13 | **9,000** | 9,000 | **8,000** | 8,000 | **550** | 600 |
| **80** | 81 | **Bellevue Builders Supply,** Schenectady, N.Y. | **59** | 55 | 7 | **34** | 34 | **1** | 1 | **22,000** | 22,000 | **15,000** | 15,000 | **235** | 235 |
| **81** | 78 | **Curtis Lumber,** Ballston Spa, N.Y. | **57** | 58 | − 2 | **45** | 45 | **8** | 8 | **14,000** | 14,000 | **14,000** | 13,000 | **264** | 260 |
| **82** | 87 | **Kogel Giant Building Supply,** Middle Island, N.Y. | **57** | 51 | 12 | **5** | 5 | **7** | 5 | **8,000** | 8,000 | **7,000** | 7,000 | **300** | 300 |
| **83** | 84 | **E.C. Barton,** Jonesboro, Ark. | **53** | 54 | − 1 | **40** | 40 | **27** | 27 | **6,000** | 6,000 | **8,000** | 8,000 | **400** | 375 |
| **84** | 77 | **East Coast Lumber,** East Hampstead, N.H.* | **53** | 58 | − 9 | **18** | 16 | **3** | 3 | **5,000** | 5,000 | **15,000** | 15,000 | **210** | 250 |
| **85** | 108 | **Central Michigan Lumber,** St. Johns, Mich. | **52** | 42 | 24 | **65** | 65 | **5** | 5 | **6,000** | 6,000 | **10,000** | 9,000 | **150** | 187 |
| **86** | 95 | **NHD Stores,** Stoughton, Mass. | **52** | 46 | 12 | **100** | 100 | **33** | 30 | **16,000** | 16,000 | **27,500** | 27,500 | **616** | 566 |
| **87** | 94 | **Yardbirds of California,** Petaluma, Calif. | **50** | 46 | 9 | **95** | 98 | **6** | 6 | **40,000** | 40,000 | **15,000** | 15,000 | **270** | 270 |
| **88** | 89 | **M.G.Building Materials,** San Antonio, Texas | **50** | 50 | 0 | **65** | 50 | **4** | 4 | **10,000** | 10,000 | **15,000** | 13,000 | **100** | 100 |
| **89** | 88 | **Parr Lumber,** Aloha, Ore.* | **50** | 50 | 0 | **25** | 25 | **9** | 9 | **4,000** | 4,000 | **15,000** | 15,000 | **250** | 250 |
| **90** | 90 | **Miron Building Products,** Kingston, N.Y.* | **50** | 50 | 0 | **50** | 50 | **12** | 12 | **NA** | NA | **NA** | NA | **NA** | NA |
| **91** | 85 | **Goodman's Lumber,** San Francisco | **50** | 53 | − 6 | **100** | 100 | **4** | 4 | **50,000** | 50,000 | **35,000** | 35,000 | **220** | 220 |
| **92** | 92 | **The Paty Co.,** Piney Flats, Tenn. | **49** | 49 | 0 | **55** | 55 | **6** | 6 | **20,000** | 20,000 | **13,000** | 13,000 | **500** | 450 |
| **93** | 105 | **Diamond Point Lumber,** Glens Falls, N.Y. | **48** | 44 | 9 | **50** | 50 | **9** | 8 | **9,000** | 9,000 | **12,000** | 12,000 | **300** | 300 |
| **94** | 102 | **Feldman Lumber Co.,** Brooklyn, N.Y. | **47** | 45 | 4 | **20** | 20 | **3** | 3 | **5,000** | 5,000 | **NA** | NA | **150** | 150 |
| **95** | 101 | **Fox Lumber,** Chicago* | **47** | 45 | 4 | **50** | 50 | **4** | 4 | **9,000** | 9,000 | **10,000** | 10,000 | **NA** | NA |
| **96** | 91 | **Nickerson Lumber Co.,** Orleans, Mass.[9] | **47** | 49 | − 4 | **25** | 25 | **7** | 7 | **15,000** | 12,000 | **17,000** | 17,000 | **265** | 265 |
| **97** | 121 | **Bison Building Materials,** Houston | **45** | 37 | 22 | **15** | 15 | **3** | 3 | **4,500** | 4,500 | **60,000** | 60,000 | **400** | 330 |
| **98** | 109 | **Lezzer Lumber,** Curwensville, Pa. | **45** | 42 | 8 | **60** | 60 | **6** | 6 | **15,000** | 15,000 | **15,000** | 14,000 | **175** | 155 |
| **99** | 99 | **J.T.'s Home Centers,** Middletown, R.I. | **45** | 45 | 0 | **30** | 30 | **4** | 4 | **15,000** | 15,000 | **15,000** | 15,000 | **250** | 275 |
| **100** | 98 | **Nassau Suffolk Lumber,** Hauppauge, N.Y. | **45** | 45 | 0 | **30** | 30 | **6** | 6 | **3,000** | 3,000 | **10,000** | 10,000 | **235** | 235 |
| **101** | 97 | **Star Lumber,** Wichita, Kan. | **45** | 45 | 0 | **47** | 47 | **3** | 3 | **30,000** | 30,000 | **35,000** | 35,000 | **400** | 420 |
| **102** | 75 | **Lonestar Hardware,** Miami Lakes, Fla.[10] | **45** | 60 | −25 | **90** | 100 | **19** | 22 | **25,000** | 30,000 | **25,000** | 20,000 | **450** | 525 |
| **103** | 116 | **M.L.Claster & Sons,** Bellefonte, Pa. | **44** | 39 | 13 | **50** | 50 | **11** | 11 | **10,000** | 10,000 | **7,000** | 7,000 | **260** | 260 |
| **104** | 106 | **Causeway Lumber,** Ft. Lauderdale, Fla. | **44** | 42 | 5 | **15** | 15 | **3** | 3 | **6,900** | 6,900 | **18,000** | 18,000 | **325** | 325 |
| **105** | 104 | **Lampert Yards,** St. Paul, Minn. | **44** | 44 | 0 | **45** | 45 | **29** | 29 | **4,000** | 4,000 | **10,000** | 10,000 | **210** | 210 |
| **106** | 110 | **Standard Supply & Lumber,** Grand Rapids, Mich. | **43** | 41 | 5 | **35** | 35 | **12** | 12 | **5,000** | 5,000 | **12,500** | 12,500 | **225** | 220 |
| **107** | 124 | **City Mill,** Honolulu | **42** | 36 | 17 | **80** | 91 | **5** | 5 | **40,000** | 40,000 | **22,000** | 21,000 | **360** | 325 |
| **108** | 86 | **Hancock Co.,** Casco, Maine | **42** | 51 | −18 | **40** | 46 | **7** | 7 | **4,000** | 4,000 | **15,000** | 15,000 | **180** | 150 |
| **109** | 119 | **San Lorenzo Lumber,** Santa Cruz, Calif. | **42** | 38 | 11 | **40** | 40 | **4** | 4 | **15,000** | 15,000 | **NA** | NA | **175** | 160 |
| **110** | 113 | **Rigg's Supply,** Kennett, Mo. | **41** | 39 | 5 | **60** | 60 | **8** | 8 | **20,000** | 20,000 | **9,000** | 9,000 | **145** | 145 |
| **111** | 139 | **Hayward Lumber,** Salinas, Calif. | **40** | 33 | 21 | **36** | 36 | **7** | 7 | **12,000** | 12,000 | **15,000** | 15,000 | **225** | 175 |
| **112** | 135 | **William M. Young,** Wilmington, Del. | **40** | 34 | 18 | **15** | 15 | **1** | 1 | **NA** | NA | **NA** | NA | **75** | 75 |
| **113** | 122 | **Stock Lumber, Inc.,** Green Bay, Wis. | **40** | 37 | 8 | **20** | 20 | **6** | 5 | **NA** | NA | **15,000** | 15,000 | **250** | 225 |
| **114** | 117 | **Plywood Minnesota,** Minneapolis* | **40** | 38 | 5 | **60** | 70 | **13** | 13 | **30,000** | 30,000 | **7,500** | 7,500 | **375** | 350 |
| **115** | 114 | **Great Plains Supply,** St. Paul, Minn. | **40** | 39 | 3 | **30** | 30 | **34** | 34 | **4,000** | 4,000 | **10,000** | 10,000 | **250** | 250 |
| **116** | 112 | **Riverhead Building Supply,** Riverhead, N.Y.* | **40** | 40 | 0 | **20** | 20 | **4** | 3 | **6,000** | 6,000 | **NA** | NA | **200** | 150 |
| **117** | 111 | **National Lumber,** Newton Highlands, Mass. | **40** | 40 | 0 | **10** | 10 | **3** | 3 | **1,500** | 1,500 | **10,000** | 10,000 | **80** | 70 |
| **118** | 103 | **Woodhaven Lumber,** Point Pleasant Beach, N.J.* | **40** | 45 | −11 | **25** | 25 | **2** | 2 | **NA** | NA | **NA** | NA | **NA** | NA |
| **119** | 130 | **Pine Tree Lumber,** Escondido, Calif. | **39** | 35 | 11 | **20** | 25 | **3** | 3 | **5,000** | 5,000 | **25,000** | 25,000 | **150** | 135 |
| **120** | 115 | **Masten Lumber,** Milford, Del. | **39** | 39 | 0 | **30** | 30 | **7** | 7 | **14,500** | 14,500 | **15,000** | 15,000 | **210** | 210 |
| **121** | 118 | **Bauer Enterprises,** Stow, Ohio | **38** | 38 | 0 | **60** | 60 | **14** | 12 | **8,000** | 8,000 | **10,000** | 8,000 | **300** | 275 |
| **122** | 107 | **Fairfield Lumber,** Fairfield, Conn. | **38** | 42 | −10 | **10** | 6 | **3** | 3 | **5,000** | 5,000 | **15,000** | 15,000 | **130** | 160 |
| **123** | 100 | **Riverside Millwork,** Penacook, N.H. | **38** | 45 | −16 | **15** | 15 | **6** | 5 | **3,000** | 3,000 | **NA** | NA | **280** | 305 |
| **124** | 140 | **Western Home Center,** Cincinnati | **37** | 33 | 12 | **NA** | NA | **3** | 3 | **13,000** | 13,000 | **NA** | NA | **300** | 250 |
| **125** | 127 | **Builders General Supply,** Cranford, N.J. | **37** | 35 | 6 | **15** | 15 | **4** | 4 | **2,500** | 2,500 | **3,000** | 3,000 | **130** | 130 |
| **126** | 125 | **LaValley Building Supply,** Newport, N.H. | **37** | 36 | 3 | **38** | 40 | **5** | 4 | **7,000** | 8,000 | **30,000** | 30,000 | **170** | 165 |
| **127** | 120 | **Moser Lumber,** Naperville, Ill. | **37** | 37 | 0 | **22** | 22 | **2** | 2 | **25,000** | 25,000 | **24,000** | 24,000 | **225** | 225 |
| **128** | 158 | **Continental Lumber,** West Haven, Conn. | **36** | 29 | 24 | **10** | 10 | **2** | 2 | **2,000** | 2,000 | **5,000** | 5,000 | **60** | 60 |
| **129** | 126 | **Ridge Lumber,** Baltimore* | **36** | 36 | 0 | **10** | 10 | **1** | 1 | **NA** | NA | **NA** | NA | **NA** | NA |
| **130** | 182 | **Piedmont Lumber,** Pleasant Hill, Calif. | **35** | 26 | 35 | **40** | 40 | **5** | 4 | **15,000** | 15,000 | **30,000** | 30,000 | **209** | 125 |
| **131** | 164 | **Davidson's Industry,** Southport, Ind. | **35** | 28 | 25 | **3** | 3 | **1** | 1 | **7,000** | 7,000 | **15,000** | 15,000 | **200** | 175 |
| **132** | 147 | **Ply-Marts,** Norcross, Ga. | **35** | 31 | 13 | **7** | 7 | **3** | 3 | **5,000** | 5,000 | **7,000** | 5,000 | **200** | 200 |
| **133** | 134 | **Fingerle Lumber,** Ann Arbor, Mich. | **35** | 34 | 3 | **25** | 25 | **1** | 1 | **20,000** | 20,000 | **25,000** | 25,000 | **150** | 150 |
| **134** | 133 | **Sinclair Lumber,** Laurinsburg, N.C. | **35** | 34 | 3 | **12** | 12 | **8** | 8 | **13,000** | 13,000 | **14,500** | 14,000 | **200** | 300 |
| **135** | 131 | **Shaw Lumber Co.,** St. Paul, Minn. | **35** | 35 | 0 | **30** | 30 | **2** | 2 | **20,000** | 20,000 | **18,000** | 18,000 | **170** | 170 |

*NHCN estimate

[9] Nickerson Lumber changed its name from Mid-Cape Home Centers.

[10] Lonestar Hardware (Miami) was broken off from division in San Antonio, Texas.

# RETAIL CENSUS

| Rank 1988 | Rank 1987 | Company | In Millions Sales 1988 | Sales 1987 | % Change 1987-1988 | % DIY 1988 | % DIY 1987 | Number of Stores 1988 | Number of Stores 1987 | Showroom sq. ft. Store avg. 1988 | Showroom sq. ft. Store avg. 1987 | SKUs store Average 1988 | SKUs store Average 1987 | Employees 1988 | Employees 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 136 | 128 | **Pease Co.,** Hamilton, Ohio | $35 | $35 | 0 | 15 | 15 | 5 | 4 | 7,000 | 7,000 | 6,000 | 6,000 | 225 | 225 |
| 137 | 151 | **O. B. Thompson,** Minnetonka, Minn.* | 34 | 30 | 13 | 80 | 80 | 8 | 8 | 10,000 | 10,000 | 20,000 | 20,000 | 140 | 135 |
| 138 | 142 | **Big Tin Barn,** Diboll, Texas. | 34 | 32 | 6 | 30 | 20 | 4 | 5 | 5,000 | 5,000 | 10,000 | 10,000 | 90 | 100 |
| 139 | 132 | **Kempsville Lumber,** Virginia Beach, Va. | 34 | 34 | 0 | 25 | 25 | 1 | 1 | 12,000 | 12,000 | 12,000 | 12,000 | 180 | 180 |
| 140 | 156 | **Big Creek Lumber,** Davenport, Calif. | 33 | 30 | 10 | 25 | 25 | 3 | 3 | 10,000 | 10,000 | 30,000 | 30,000 | 180 | 180 |
| 141 | 148 | **Builders Supply,** Omaha | 33 | 31 | 6 | 11 | 11 | 1 | 1 | 20,000 | 20,000 | 25,000 | 25,000 | 200 | 200 |
| 142 | 141 | **Raymond Building Supply,** N. Fort Meyers, Fla. | 33 | 33 | 0 | 5 | 4 | 3 | 3 | 10,000 | 10,000 | NA | 3,000 | 255 | 260 |
| 143 | 137 | **Fullerton Lumber,** Minneapolis | 33 | 33 | 0 | NA | NA | 27 | 27 | 13,000 | 13,000 | 17,000 | 17,000 | 400 | 400 |
| 144 | 123 | **Lester Group,** Martinsville, Va. | 33 | 36 | − 8 | 35 | 35 | 5 | 5 | 10,250 | 10,250 | 6,500 | 6,500 | 175 | 175 |
| 145 | 166 | **Spahn and Rose Lumber,** Dubuque, Iowa | 32 | 27 | 19 | 65 | 65 | 24 | 24 | 3,500 | 3,500 | 15,000 | 15,000 | 167 | 150 |
| 146 | 152 | **J.C. Snavely & Sons,** Landisville, Pa. | 32 | 30 | 7 | 15 | 15 | 2 | 2 | 8,000 | 8,000 | NA | NA | 255 | 255 |
| 147 | 146 | **Moynihan North Reading Lumber,** No. Reading, Pa. | 32 | NA | NA | 25 | 25 | 2 | 2 | 6,000 | 4,500 | 10,000 | 10,000 | 130 | 130 |
| 148 | 144 | **Peter Lumber,** Pleasantville, N.J. | 32 | 32 | 0 | 25 | 25 | 13 | 13 | 6,000 | 6,000 | 8,000 | 8,000 | 110 | 110 |
| 149 | 129 | **The Level Line, Inc.,** Lakewood, N.J. | 32 | 35 | − 9 | 30 | 20 | 2 | 2 | 6,000 | 6,000 | NA | NA | 200 | 250 |
| 150 | 181 | **Mutual Materials, Co.,** Bellevue, Wash. | 31 | 26 | 19 | NA | NA | 11 | 10 | NA | NA | NA | NA | NA | NA |
| 151 | 167 | **Roper Bros. Lumber,** Petersburg, Va. | 31 | 27 | 15 | 10 | 10 | 5 | 3 | 9,000 | 9,000 | 12,000 | 12,000 | 200 | 150 |
| 152 | 157 | **Builderama,** Savannah, Ga. | 31 | 29 | 7 | 80 | 82 | 10 | 9 | 30,000 | 30,000 | 21,000 | 20,000 | 400 | 400 |
| 153 | 149 | **Champion Lumber,** Riverside, Calif. | 31 | 31 | 0 | 10 | 10 | 1 | 1 | 10,000 | 10,000 | 1,000 | 1,000 | 80 | 70 |
| 154 | 145 | **Hinckley Home Centers,** Hyannis, Mass. | 31 | 32 | − 3 | 38 | 38 | 4 | 4 | 8,500 | 7,000 | 24,000 | 24,000 | 170 | 160 |
| 155 | 136 | **Thompson Lumber,** Brooklyn Center, Minn. | 31 | 34 | − 9 | 5 | 5 | 2 | 2 | 5,000 | 5,000 | 4,500 | 4,500 | 65 | 65 |
| 156 | 244 | **Shelly Enterprise,** Souderton, Pa. | 30 | 20 | 50 | 30 | 30 | 3 | 3 | 5,300 | 5,300 | 20,000 | 20,000 | 185 | 185 |
| 157 | 191 | **Latham Home Center,** Roseville, Calif. | 30 | 25 | 20 | 25 | 25 | 3 | 3 | 10,000 | 5,000 | 5,000 | 4,000 | 300 | 225 |
| 158 | 190 | **H&E DIY Centers,** Victorville, Calif. | 30 | 25 | 20 | 96 | 96 | 6 | 6 | 35,000 | 35,000 | 35,000 | 35,000 | 275 | 275 |
| 159 | 177 | **Jaeger Lumber,** Union, N.J. | 30 | 26 | 15 | 40 | 40 | 5 | 5 | 8,000 | 8,000 | 8,700 | 8,000 | 150 | 126 |
| 160 | 172 | **Midland Lumber & Supply,** Midland Park, N.J.* | 30 | 27 | 11 | 30 | 30 | 2 | 2 | 2,500 | 2,500 | 15,000 | 15,000 | 150 | 150 |
| 161 | 165 | **Millard Lumber,** Omaha | 30 | 27 | 11 | 25 | 25 | 3 | 2 | 19,000 | 19,000 | 25,000 | 25,000 | 200 | 200 |
| 162 | 162 | **Century Supply Co.,** Lombard, Ill. | 30 | 28 | 7 | 50 | 50 | 7 | 7 | 6,000 | 6,000 | 20,000 | 19,000 | 175 | 160 |
| 163 | 163 | **Golden State Lumber,** San Rafael, Calif.* | 30 | 28 | 7 | 25 | 25 | 2 | 2 | NA | NA | NA | NA | NA | NA |
| 164 | 154 | **Big Bear,** St. Cloud, Minn. | 30 | 30 | 0 | 85 | 85 | 49 | 49 | 9,000 | 9,000 | 12,000 | 10,000 | 300 | 300 |
| 165 | 155 | **International Paper Co.,** Prairie Village, Kan. | 30 | 30 | 0 | 45 | 50 | 9 | 9 | 6,000 | 6,000 | 10,000 | 10,000 | 140 | 140 |
| 166 | 160 | **All American Home Center,** Downey, Calif. | 30 | 29 | 5 | 100 | 100 | 1 | 1 | 140,000 | 140,000 | 95,000 | 85,000 | 325 | 300 |
| 167 | 173 | **Friedman Bros. Lumber,** Santa Rosa, Calif.* | 29 | 26 | 10 | 70 | 70 | 1 | 1 | NA | NA | NA | NA | NA | NA |
| 168 | 168 | **Yaeger & Kirk,** Santa Rosa, Calif. | 29 | 27 | 7 | 25 | 25 | 3 | 3 | 25,000 | 25,000 | 23,000 | 23,000 | 180 | 180 |
| 169 | 175 | **Stacy Building Materials,** Mobile, Ala. | 29 | 26 | 10 | 55 | 60 | 6 | 6 | 22,000 | 22,000 | 17,000 | 17,000 | 175 | 300 |
| 170 | 189 | **Lumber Headquarters,** Floral Park, N.Y. | 28 | 25 | 12 | 80 | 80 | 13 | 13 | 5,000 | 5,000 | 6,000 | 6,000 | 225 | 220 |
| 171 | 192 | **Kesseli & Morse Co.,** Worcester, Mass. | 28 | 25 | 12 | 10 | 10 | 4 | 4 | 2,750 | 2,750 | 4,500 | 4,500 | 60 | 60 |
| 172 | 183 | **Richardson Industries,** Sheboygan Falls, Wis. | 28 | 26 | 8 | 30 | 30 | 2 | 2 | 13,000 | 13,000 | 10,000 | 8,000 | 160 | 120 |
| 173 | 176 | **TAPJAC Co.,** Carthage, Mo. | 28 | 26 | 8 | 60 | 60 | 16 | 14 | 12,000 | 12,000 | 12,500 | 12,000 | 270 | 270 |
| 174 | 180 | **Learned Lumber,** Hermosa Beach, Calif. | 28 | 26 | 8 | 15 | 15 | 2 | 2 | 4,500 | 4,500 | 20,000 | 20,000 | 80 | 78 |
| 175 | 150 | **Babbitt Brothers,** Flagstaff, Ariz.* | 28 | 30 | − 7 | 35 | 40 | 6 | 6 | 9,000 | 8,000 | 17,000 | 20,000 | 250 | 135 |
| 176 | 138 | **Panning Lumber,** Orlando, Fla. | 28 | 33 | −15 | 5 | 5 | 6 | 7 | 1,200 | 1,200 | 4,500 | 4,500 | 225 | 227 |
| 177 | 71 | **Mack Industries,** Hollywood, Fla.[11] | 28 | 65 | −57 | 10 | 20 | 6 | 6 | 3,000 | 20,000 | NA | 9,000 | 200 | 530 |
| 178 | 208 | **Wallich Lumber,** Detroit, Mich. | 28 | 24 | 15 | 15 | 15 | 1 | 1 | 14,000 | 14,000 | 2,200 | 2,200 | 100 | 100 |
| 179 | 170 | **Guy C. Lee Building Materials,** Smithfield, N.C. | 27 | 27 | 0 | 25 | 25 | 6 | 6 | 6,000 | 6,000 | NA | NA | 100 | 100 |
| 180 | 171 | **Cleveland Builders Supply,** Cleveland | 27 | 27 | 0 | 15 | 15 | 6 | 6 | 6,000 | 6,000 | NA | NA | 90 | 90 |
| 181 | 159 | **Big Blue Stores,** Seymour, Ind. | 27 | 29 | − 7 | 70 | 70 | 15 | 15 | 15,000 | 15,000 | 40,000 | 36,000 | 245 | 245 |
| 182 | 153 | **Midpac Lumber Co.,** Honolulu | 27 | 30 | −10 | 25 | 25 | 1 | 1 | 5,000 | 5,000 | 5,800 | 5,800 | 170 | 170 |
| 183 | 143 | **Nonantum Lumber Co.,** Watertown, Mass. | 27 | 32 | −16 | 40 | 40 | 1 | 1 | 32,000 | 32,000 | 27,000 | 27,000 | 105 | 100 |
| 184 | 220 | **Alamo Lumber,** San Antonio, Texas[12] | 26 | 22 | 18 | 55 | 55 | 38 | 16 | 3,500 | 3,500 | 4,500 | 4,500 | 260 | 240 |
| 185 | 210 | **Calcasieu Lumber,** Austin, Texas | 26 | 23 | 13 | 2 | 2 | 1 | 1 | 10,000 | 10,000 | 13,500 | 13,500 | 135 | 125 |
| 186 | 209 | **Rocky's Home Center,** Springfield, Mass. | 26 | 24 | 11 | 90 | 90 | 8 | 8 | 17,000 | 17,000 | 30,000 | 30,000 | 185 | 185 |
| 187 | 186 | **Herndon Lumber & Millwork,** Gainesville, Va.* | 26 | 25 | 4 | NA | NA | 1 | 1 | 5,000 | 5,000 | 5,000 | 5,000 | 200 | 210 |
| 188 | 202 | **Frierson Building Supply,** Jackson, Miss.* | 26 | 25 | 4 | 40 | 40 | 1 | 1 | NA | NA | NA | NA | NA | NA |
| 189 | 174 | **Cofer Brothers,** Tucker, Ga. | 26 | 26 | 0 | 30 | 15 | 1 | 1 | 6,000 | 6,000 | 10,000 | 10,000 | 85 | 85 |
| 190 | 179 | **Thurman Industries,** Kirkland, Wash. | 26 | 26 | 0 | 80 | 80 | 15 | 14 | 15,000 | 15,000 | 10,000 | 10,000 | 140 | 140 |
| 191 | 184 | **Albert R. Lavalley, Inc.,** Sanford, Maine | 26 | 26 | 0 | 25 | 20 | 3 | 3 | 5,000 | 5,000 | 16,000 | 15,000 | 165 | 160 |
| 192 | 178 | **Consolidated Lumber,** Stillwater, Minn. | 26 | 26 | 0 | 25 | 25 | 9 | 9 | 2,000 | 2,000 | 1,500 | 1,500 | 120 | 120 |
| 193 | 214 | **C & C Building Supplies,** Tarrs, Pa. | 26 | 23 | 11 | 45 | 45 | 1 | 1 | 25,000 | 17,000 | 18,000 | 20,000 | 62 | 62 |
| 194 | 258 | **Mead Clark Lumber,** Santa Rosa, Calif. | 25 | 20 | 25 | 16 | 10 | 1 | 1 | 22,000 | 22,000 | 16,000 | 16,000 | 75 | 75 |
| 195 | 249 | **Fairfax Lumber & Millwork,** Springfield, Va. | 25 | 20 | 25 | 10 | 10 | 2 | 2 | 7,500 | 7,500 | 5,000 | 5,000 | 130 | 130 |
| 196 | 238 | **W.H. Conyngham & Co.,** Wilkes Barre, Pa. | 25 | 21 | 19 | 12 | 10 | 6 | 6 | 4,000 | 4,000 | 14,000 | 14,000 | 110 | 100 |
| 197 | 232 | **Ridout Lumber,** Searcy, Ark. | 25 | 22 | 14 | 50 | 50 | 8 | 8 | 10,000 | 10,000 | NA | NA | 135 | 100 |
| 198 | 221 | **Levy's Building Centers,** Louisville, Ky. | 25 | 22 | 14 | 80 | 80 | 4 | 4 | 60,000 | 60,000 | 25,000 | 25,000 | 300 | 300 |
| 199 | 233 | **The Country Lumber Co.,** Santa Barbara, Calif.* | 25 | 22 | 14 | 10 | 10 | 2 | 2 | NA | NA | NA | NA | NA | NA |
| 200 | 225 | **Gulf Stream Lumber,** Boynton Beach, Fla. | 25 | 22 | 14 | 10 | 10 | 2 | 1 | 8,500 | 8,500 | 20,000 | 20,000 | 170 | 125 |
| 201 | 215 | **Stottlemyer & Shoemaker Lumber,** Sarasota, Fla. | 25 | 23 | 9 | 11 | 15 | 2 | 2 | 10,000 | 10,000 | 9,000 | 9,000 | 200 | 200 |
| 202 | 218 | **F.E. Wheaton & Co.,** Wheaton, Ill. | 25 | 23 | 9 | 10 | 10 | 1 | 1 | 15,000 | 15,000 | 4,000 | 4,000 | 80 | 65 |
| 203 | 207 | **A.H. Angerstein,** Wilmington, Del. | 25 | 24 | 4 | 30 | 30 | 2 | 2 | 100,000 | 100,000 | 30,000 | 30,000 | 190 | 180 |
| 204 | 204 | **Hacienda Home Centers,** Albuquerque, N.M. | 25 | 25 | 2 | 90 | 90 | 6 | 6 | 21,000 | 21,000 | 18,000 | 18,000 | 280 | 280 |
| 205 | 188 | **T.H. Rogers Lumber,** Oklahoma City | 25 | 25 | 0 | 65 | 65 | 30 | 31 | 3,000 | 3,000 | 15,000 | 15,000 | 175 | 175 |

*NHCN estimate

[11] Mack Industries' concrete and block division was spun off to form Renker Materials.

[12] Alamo Lumber includes purchase of Victoria Ready Mix Concrete Stores.

# RETAIL CENSUS

| Rank 1988 | Rank 1987 | Company | In Millions | | | % DIY | | Number of Stores | | Showroom sq. ft. Store avg. | | SKUs store Average | | Employees | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Sales 1988 | Sales 1987 | % Change 1987-1988 | 1988 | 1987 | 1988 | 1987 | 1988 | 1987 | 1988 | 1987 | 1988 | 1987 |
| **206** | 196 | **Narrowsburg Lumber Co.,** Narrowsburg, N.Y. | **$25** | $25 | 0 | **35** | 35 | **5** | 5 | **3,000** | 3,000 | **NA** | NA | **100** | 100 |
| **207** | 193 | **Supply One, Inc.,** Rancho Cordova, Calif. | **25** | 25 | 0 | **80** | 80 | **3** | 3 | **60,000** | 60,000 | **30,000** | 30,000 | **170** | 170 |
| **208** | 197 | **Chris & Dick's,** Salt Lake City | **25** | 25 | 0 | **90** | 90 | **1** | 1 | **60,000** | 60,000 | **23,000** | 23,000 | **180** | 180 |
| **209** | 195 | **Lumber City, Inc.,** Chesapeake, Va. | **25** | 25 | 0 | **10** | 10 | **2** | 2 | **4,000** | 4,000 | **10,000** | 10,000 | **75** | 75 |
| **210** | 201 | **Southampton Lumber Co.,** Southampton, N.Y. | **25** | 25 | 0 | **15** | 15 | **5** | 5 | **6,000** | 5,000 | **12,000** | 12,000 | **110** | 110 |
| **211** | 199 | **Great Central Lumber,** St. Louis | **25** | 25 | 0 | **10** | 10 | **4** | 4 | **5,500** | 5,500 | **7,500** | 7,500 | **135** | 135 |
| **212** | 187 | **Herrmann Lumber,** Springfield, Mo. | **25** | 25 | 0 | **40** | 40 | **10** | 10 | **8,000** | 8,000 | **10,000** | 10,000 | **160** | 150 |
| **213** | 200 | **Kaplan Lumber Co.,** St. Peter's, Mo. | **25** | 25 | 0 | **1** | 1 | **2** | 2 | **10,000** | 10,000 | **10,000** | 10,000 | **75** | 65 |
| **214** | 203 | **Brookhart, Inc.,** Colorado Springs, Colo. | **25** | 25 | 0 | **30** | 30 | **7** | 7 | **10,000** | 10,000 | **30,000** | 30,000 | **100** | 100 |
| **215** | 198 | **Marvin's, Inc.,** Trussville, Ala.* | **25** | 25 | 0 | **50** | 50 | **8** | 8 | **22,000** | 22,000 | **NA** | NA | **350** | 350 |
| **216** | 169 | **Moodus Lumber Co.,** Moodus, Conn. | **25** | 27 | − 7 | **35** | 35 | **1** | 1 | **2,400** | 2,400 | **10,000** | 10,000 | **70** | 70 |
| **217** | 69 | **Eclipse Industries**, St. Louis*[13] | **25** | 66 | −62 | **98** | 98 | **3** | 8 | **50,000** | 50,000 | **20,000** | 20,000 | **NA** | 350 |
| **218** | 235 | **Cramer's Building Centers,** E. Stroudsburg, Pa. | **24** | 21 | 14 | **70** | 70 | **7** | 7 | **8,000** | 8,000 | **9,000** | 9,000 | **120** | 110 |
| **219** | 230 | **East Coast Lumber,** Fort Pierce, Fla.* | **24** | 22 | 9 | **30** | 30 | **6** | 6 | **NA** | NA | **NA** | NA | **NA** | NA |
| **220** | 213 | **General Builders Supply,** Norwood, Mass.* | **24** | 23 | 4 | **10** | 10 | **1** | 1 | **5,000** | 5,000 | **NA** | NA | **50** | 50 |
| **221** | 212 | **Elk Supply,** Clinton, Okla. | **24** | 23 | 4 | **80** | 80 | **17** | 17 | **12,000** | 12,000 | **30,000** | 30,000 | **125** | 127 |
| **222** | 211 | **Stripling Blake Lumber,** Austin, Texas | **24** | 23 | 4 | **30** | 30 | **2** | 2 | **30,000** | 30,000 | **35,000** | 35,000 | **170** | 165 |
| **223** | 206 | **Manis Lumber (Wheeler's),** Rome, Ga. | **24** | 24 | 0 | **36** | 36 | **7** | 6 | **8,000** | 8,000 | **10,000** | 10,000 | **129** | 129 |
| **224** | 161 | **Babcock Building Supply,** Melbourne, Fla. | **24** | 28 | −14 | **40** | 50 | **6** | 8 | **30,000** | 30,000 | **25,000** | 30,000 | **220** | 250 |
| **225** | 248 | **Cederburg Lumber Co.,** Cederburg, Wis. | **23** | 20 | 15 | **20** | 20 | **2** | 1 | **7,000** | 12,000 | **11,500** | 10,000 | **105** | 95 |
| **226** | 236 | **Lappo Lumber,** Fruitport, Mich. | **23** | 21 | 10 | **40** | 40 | **2** | 2 | **14,000** | 14,000 | **20,000** | 20,000 | **85** | 85 |
| **227** | 231 | **Grove Lumber,** Ontario, Calif.* | **23** | 22 | 5 | **25** | 25 | **1** | 1 | **30,000** | 30,000 | **NA** | NA | **100** | 100 |
| **228** | 216 | **Douglas Lumber Corp.,** Smithfield, R.I. | **23** | 23 | 0 | **20** | 20 | **1** | 1 | **3,000** | 3,000 | **10,000** | 10,000 | **90** | 85 |
| **229** | 217 | **Shelly Son Fenstermacher,** Perkasie, Pa.* | **23** | 23 | 0 | **30** | 30 | **3** | 3 | **6,000** | 6,000 | **20,000** | 15,000 | **100** | 100 |
| **230** | 264 | **Walter & Jackson, Inc.,** Christiana, Pa. | **22** | 19 | 16 | **13** | 13 | **3** | 3 | **NA** | NA | **4,000** | 4,000 | **117** | 87 |
| **231** | 237 | **Whelan's,** Topeka, Kan.* | **22** | 21 | 5 | **50** | 50 | **3** | 4 | **16,000** | 16,000 | **NA** | NA | **NA** | NA |
| **232** | 234 | **Robertson Cos.,** Grand Forks, N.D. | **22** | 21 | 5 | **67** | 67 | **22** | 21 | **3,000** | 3,000 | **15,000** | 15,000 | **155** | 160 |
| **233** | 277 | **Yankee Supply Corp.,** Hollis, N.Y. | **22** | 22 | 0 | **30** | 30 | **3** | 3 | **2,000** | 2,000 | **NA** | NA | **60** | 60 |
| **234** | 228 | **Ruffin & Payne,** Richmond, Va. | **22** | 22 | 0 | **10** | 10 | **1** | 1 | **NA** | NA | **3,800** | 3,800 | **140** | 140 |
| **235** | 229 | **R.P. Lumber Co.,** Edwardsville, Ill. | **22** | 22 | 0 | **35** | 35 | **6** | 6 | **9,000** | 9,000 | **18,000** | 18,000 | **80** | 72 |
| **236** | 205 | **Daniels-McCray Lumber,** Kansas City, Mo. | **22** | 24 | − 8 | **4** | 4 | **3** | 3 | **3,000** | 3,000 | **9,000** | 9,000 | **85** | 87 |
| **237** | 219 | **Lummus Supply,** Atlanta | **22** | 23 | − 4 | **30** | 30 | **4** | 5 | **8,000** | 8,000 | **8,000** | 8,000 | **58** | 60 |
| **238** | 185 | **Steenbeke & Sons,** Boscawen, N.H. | **21** | 25 | −15 | **25** | 25 | **6** | 5 | **15,000** | 15,000 | **20,000** | 20,000 | **130** | 140 |
| **239** | 263 | **Ellsworth Builders Supply,** Ellsworth, Maine | **21** | 19 | 11 | **35** | 35 | **8** | 8 | **NA** | NA | **4,500** | 4,500 | **100** | 90 |
| **240** | 261 | **Hughes Lumber,** Tulsa, Okla.* | **21** | 19 | 11 | **75** | 75 | **10** | 10 | **12,000** | 15,000 | **9,500** | 9,500 | **180** | 160 |
| **241** | 246 | **Kuesters, Inc.,** Evansville, Ind. | **21** | 20 | 5 | **90** | 90 | **8** | 8 | **15,000** | 15,000 | **25,000** | 25,000 | **200** | 200 |
| **242** | 251 | **Matt's Cash & Carry Building Mats.,** Pharr, Texas | **21** | 20 | 5 | **50** | 50 | **2** | 2 | **21,000** | 21,000 | **NA** | NA | **153** | 129 |
| **243** | 243 | **W.T. Harvey Lumber Co.,** Columbus, Ga. | **21** | 20 | 5 | **10** | 10 | **3** | 3 | **10,000** | 10,000 | **NA** | NA | **150** | 150 |
| **244** | 240 | **Bailey Lumber,** Bluefield, W. Va. | **21** | 20 | 5 | **45** | 45 | **12** | 15 | **3,500** | 3,500 | **10,500** | 10,000 | **190** | 220 |
| **245** | 256 | **Mayfair Lumber,** Chicago* | **21** | 20 | 5 | **5** | 5 | **1** | 1 | **NA** | NA | **NA** | NA | **NA** | NA |
| **246** | 222 | **Stine Lumber,** Sulfur, La. | **21** | 22 | − 5 | **60** | 60 | **4** | 4 | **14,000** | 14,000 | **8,000** | 8,000 | **180** | 140 |
| **247** | 223 | **Conklin & Strong,** Warwick, N.Y. | **21** | 22 | − 5 | **65** | 75 | **7** | 7 | **4,000** | 4,000 | **2,800** | 2,800 | **115** | 110 |
| **248** | 226 | **Friend Building Centers,** Lowell, Mass. | **21** | 22 | − 7 | **50** | 50 | **2** | 2 | **8,000** | 8,000 | **10,000** | 10,000 | **115** | 130 |
| **249** | 274 | **Olshan Lumber,** Houston | **20** | 17 | 18 | **65** | 60 | **2** | 2 | **30,000** | 30,000 | **15,000** | 15,000 | **200** | 200 |
| **250** | 275 | **Central Valley Builders,** St. Helena, Calif. | **20** | 17 | 18 | **35** | 35 | **2** | 2 | **13,500** | 13,500 | **17,000** | 17,000 | **140** | 140 |
| **251** | 272 | **Bomgaars Supply,** Sioux City, Iowa | **20** | 18 | 13 | **50** | 50 | **11** | 11 | **25,000** | 25,000 | **28,000** | 28,000 | **200** | 200 |
| **252** | 269 | **Buena Park Lumber,** Buena Park, Calif. | **20** | 18 | 11 | **25** | 22 | **1** | 1 | **26,000** | 25,000 | **29,000** | 32,000 | **100** | 100 |
| **253** | 270 | **Geiger Lumber & Supply Co.,** Tallman, N.Y. | **20** | 18 | 11 | **15** | 15 | **1** | 1 | **3,000** | 3,000 | **NA** | NA | **70** | 70 |
| **254** | 271 | **Al Meier's Building Centers Inc.,** Tacoma, Wash. | **20** | 18 | 11 | **50** | 50 | **6** | 6 | **10,000** | 10,000 | **15,000** | 15,000 | **90** | 90 |
| **255** | 268 | **Economy Hardware & Lumber,** Denver | **20** | 18 | 11 | **40** | 50 | **3** | 3 | **10,000** | 10,000 | **13,000** | 13,000 | **130** | 130 |
| **256** | 265 | **Elliott Hardware,** Elm Grove, Wis. | **20** | 19 | 5 | **90** | 90 | **3** | 3 | **32,000** | 32,000 | **35,000** | 35,000 | **260** | 260 |
| **257** | 245 | **Kleet Lumber Co.,** Huntington, N.Y. | **20** | 20 | 0 | **7** | 7 | **1** | 1 | **3,600** | 3,600 | **NA** | NA | **47** | 65 |
| **258** | 247 | **N.T. Fox Co.,** Portland, Maine | **20** | 20 | 0 | **25** | 40 | **4** | 4 | **2,500** | 2,500 | **6,000** | 5,000 | **80** | 80 |
| **259** | 241 | **A.J. Smith Co.,** Nashville, Tenn.* | **20** | 20 | 0 | **15** | 15 | **5** | 5 | **1,000** | 1,000 | **3,000** | 3,000 | **100** | 100 |
| **260** | 242 | **Bloedorn Lumber Co.,** Torrington, Wyo. | **20** | 20 | 0 | **30** | 30 | **19** | 17 | **7,000** | 7,000 | **NA** | NA | **150** | 150 |
| **261** | 257 | **Wilson Lumber Co.,** Huntsville, Ala. | **20** | 20 | 0 | **25** | 25 | **2** | 2 | **10,000** | 10,000 | **14,000** | 14,000 | **175** | 175 |
| **262** | 250 | **Dykes Lumber Co.,** Union City, N.J. | **20** | 20 | 0 | **10** | 10 | **6** | 6 | **NA** | NA | **NA** | NA | **100** | 100 |
| **263** | 255 | **The Chicago Lumber Co. of Omaha,** Omaha | **20** | 20 | 0 | **25** | 25 | **16** | 16 | **NA** | NA | **NA** | NA | **140** | 140 |
| **264** | 252 | **Somerville Lumber Co.,** Bridgewater, N.J. | **20** | 20 | 0 | **25** | 25 | **1** | 1 | **17,000** | 17,000 | **15,000** | 15,000 | **68** | NA |
| **265** | 254 | **The Estate of George Snyder,** Hatfield, Pa. | **20** | 20 | 0 | **93** | 93 | **1** | 1 | **35,000** | 35,000 | **33,000** | 33,000 | **50** | 50 |
| **266** | 260 | **A.L. Kilgo Co.,** Honolulu* | **20** | 20 | 0 | **35** | 35 | **1** | 1 | **300,000** | 300,000 | **NA** | NA | **160** | 160 |
| **267** | 253 | **P.E. Dolan Lumber,** Pinole, Calif.* | **20** | 20 | 0 | **50** | 50 | **3** | 2 | **NA** | NA | **NA** | NA | **NA** | NA |
| **268** | 266 | **Snow Lumber & Home Decorating,** High Point, N.C. | **19** | 19 | 0 | **30** | 30 | **2** | 3 | **8,000** | 6,000 | **12,000** | 10,500 | **135** | 135 |
| **269** | 239 | **G.V. Moore Lumber Co.,** Ayer, Mass. | **19** | 21 | − 7 | **42** | 42 | **6** | 6 | **30,000** | 27,000 | **22,000** | 22,000 | **150** | 150 |
| **270** | 194 | **Economy Builders Supply, Inc.,** Sandy, Utah | **19** | 25 | −24 | **40** | 50 | **3** | 3 | **16,000** | 16,000 | **5,000** | 4,000 | **165** | 200 |
| **271** | 287 | **'R' Lumber Center,** Edgewater, Md. | **18** | 15 | 20 | **15** | 15 | **1** | 1 | **1,500** | 1,500 | **4,500** | 4,500 | **85** | 75 |
| **272** | 281 | **McLendon Hardware, Inc.,** Renton, Wash. | **18** | 16 | 13 | **85** | 85 | **3** | 2 | **45,000** | 45,000 | **60,000** | 60,000 | **100** | 100 |
| **273** | 284 | **H.G. Page & Sons, Inc.,** Poughkeepsie, N.Y. | **18** | 16 | 13 | **20** | 20 | **1** | 1 | **21,000** | 21,000 | **NA** | NA | **100** | 120 |
| **274** | 277 | **Big L Corp.,** Sheridan, Mich. | **18** | 17 | 8 | **50** | 50 | **5** | 5 | **60,000** | 60,000 | **7,600** | 7,600 | **74** | 74 |
| **275** | 276 | **Simon Stores,** Walnut Creek, Calif. | **18** | 17 | 6 | **100** | 100 | **3** | 3 | **50,000** | 50,000 | **NA** | NA | **350** | 350 |

*NHCN estimate

[13] Eclipse Industries closed all its stores and liquidated early 1989.

# RETAIL CENSUS

| Rank 1988 | Rank 1987 | Company | In Millions Sales 1988 | Sales 1987 | % Change 1987-1988 | % DIY 1988 | % DIY 1987 | Number of Stores 1988 | Number of Stores 1987 | Showroom sq. ft. Store avg. 1988 | Showroom sq. ft. Store avg. 1987 | SKUs store Average 1988 | SKUs store Average 1987 | Employees 1988 | Employees 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 276 | 273 | **Matthews & Fields Lumber Co.,** Rochester, N.Y. | $18 | $18 | 3 | 10 | 10 | 2 | 2 | 2,000 | 2,000 | NA | NA | 100 | 100 |
| 277 | 267 | **Crissey-Fowler Lumber,** Colorado Springs, Colo.* | 18 | 18 | 0 | 15 | 15 | 1 | 1 | 30,000 | 30,000 | 18,000 | 8,500 | 120 | 130 |
| 278 | 262 | **Dooley's Hardware,** Long Beach, Calif. | 18 | 19 | −5 | 33 | 33 | 1 | 1 | 22,500 | 22,500 | NA | NA | 190 | 180 |
| 279 | 259 | **Aaron's Lumber Co.,** Bakersfield, Calif. | 18 | 20 | −10 | 15 | 15 | 2 | 3 | 60,000 | 50,000 | 12,000 | 12,000 | 110 | 150 |
| 280 | 280 | **Chopp & Co.,** Brandywine, Md. | 17 | 16 | 8 | 5 | 5 | 1 | 1 | NA | NA | 850 | 850 | 160 | 160 |
| 281 | 289 | **American Home & Hardware,** Elkton, Md. | 17 | 15 | 13 | 45 | 45 | 2 | 1 | 23,000 | 23,000 | 39,000 | 39,000 | 110 | 85 |
| 282 | 285 | **Higginbotham Bartlett Co.,** Lubbock, Texas | 17 | 16 | 10 | 40 | 40 | 38 | 37 | 30,000 | 30,000 | NA | NA | 150 | 150 |
| 283 | 283 | **Home of Economy, Inc.,** Grand Forks, N.D. | 16 | 16 | 0 | 50 | 50 | 5 | 5 | 40,000 | 40,000 | NA | NA | 200 | 200 |
| 284 | 278 | **Lumber Investors, Inc.,** Alexandria, La. *[14] | 16 | 16 | 0 | 30 | 28 | 4 | 4 | 10,000 | 10,000 | 10,000 | 10,000 | 81 | 80 |
| 285 | 279 | **United Building Supply,** Anchorage, Alaska | 16 | 16 | 0 | 35 | 35 | 4 | 4 | 10,000 | 10,000 | 19,000 | 19,000 | 75 | 75 |
| 286 | 224 | **Woodward Lumber,** Los Cruces, N.M. | 16 | 22 | −27 | 4 | 2 | 3 | 3 | 3,200 | 3,200 | 5,600 | 5,600 | 85 | 150 |
| 287 | 294 | **Bender Lumber,** Bloomington, Ind. | 15 | 13 | 15 | 40 | 40 | 5 | 5 | NA | NA | NA | NA | 280 | 240 |
| 288 | 288 | **Degol Brothers Lumber Co.,** Gallitzin, Pa. | 15 | 15 | 0 | 45 | 45 | 5 | 5 | 5,000 | 5,000 | NA | NA | 100 | 85 |
| 289 | 292 | **West Elizabeth Lumber Co.,** Elizabeth, Pa. | 15 | 15 | 0 | 5 | 5 | 5 | 6 | 5,000 | 5,000 | NA | NA | 80 | 80 |
| 290 | 286 | **Sackett & Peters,** Whittier, Calif. | 15 | 15 | 0 | 100 | 100 | 1 | 1 | 120,000 | 120,000 | 37,000 | 37,000 | 95 | 120 |
| 291 | 291 | **H.E. Leonhardt Lumber,** Oklahoma City | 15 | 15 | 0 | 40 | 40 | 3 | 3 | 25,000 | 25,000 | 22,000 | 22,000 | 120 | 120 |
| 292 | 290 | **Elmsford Building Materials,** Elmsford, N.Y. | 15 | 15 | 0 | 10 | 10 | 1 | 1 | 3,200 | 3,200 | 1,450 | 1,450 | 67 | 67 |
| 293 | 282 | **Eastern Lumber,** Amesbury, Mass. | 15 | 16 | −6 | 20 | 20 | 1 | 1 | 30,000 | 30,000 | 25,000 | 25,000 | 60 | 60 |
| 294 | 293 | **Serv-U Hardware Home Centers,** Springfield, Mass. | 14 | 13 | 8 | 75 | 75 | 9 | 9 | 7,500 | 7,500 | 15,000 | 15,000 | NA | NA |
| 295 | 296 | **Elliott's Hardware,** Dallas | 13 | 12 | 5 | 60 | 60 | 1 | 1 | 54,000 | 54,000 | 55,000 | 55,000 | 120 | 120 |
| 296 | 295 | **Gee Lumber,** Chicago* | 13 | 13 | 0 | 70 | 70 | 7 | 7 | 20,000 | 20,000 | 20,000 | 20,000 | NA | NA |
| 297 | 300 | **Earl Latsha Lumber Co.,** Harrisburg, Pa. | 11 | 10 | 15 | 20 | 15 | 1 | 1 | 20,000 | 20,000 | 6,500 | 6,100 | 56 | 56 |
| 298 | 299 | **Housatonic Lumber,** Derby, Conn. | 11 | 10 | 10 | 50 | 50 | 1 | 1 | 14,000 | 14,000 | 15,000 | 15,000 | 95 | 105 |
| 299 | 297 | **Santa Barbara Home Improvement,** Santa Barbara, Calif. | 11 | 11 | 0 | 60 | 60 | 2 | 2 | 40,000 | 40,000 | NA | NA | 75 | 75 |
| 300 | 298 | **Armstrong Building Materials,** Los Angeles | 11 | 11 | 0 | 100 | 100 | 1 | 1 | 150 | 150 | NA | NA | 100 | 100 |
| | | TOP 10 TOTALS AND AVERAGES | 13,853 | 12,258 | 13 | 72 | 71 | 1,802 | 1,768 | 46,597 | 45,848 | 19,850 | 19,050 | 103,800 | 90,761 |
| | | TOP 25 TOTALS AND AVERAGES | 20,005 | 18,185 | 10 | 75 | 74 | 3,056 | 2,995 | 40,527 | 39,909 | 21,600 | 21,088 | 157,052 | 143,689 |
| | | TOP 50 TOTALS AND AVERAGES | 23,380 | 21,264 | 10 | 71 | 71 | 3,838 | 3,750 | 31,793 | 30,775 | 20,380 | 19,984 | 181,613 | 167,335 |
| | | TOP 100 TOTALS AND AVERAGES | 26,551 | 24,251 | 9 | 68 | 67 | 4,300 | 4,199 | 23,624 | 23,004 | 17,385 | 17,147 | 200,366 | 185,999 |
| | | TOP 150 TOTALS AND AVERAGES | 28,418 | 26,061 | 9 | 66 | 65 | 4,652 | 4,546 | 19,117 | 18,734 | 15,637 | 15,428 | 210,342 | 195,819 |
| | | TOP 200 TOTALS AND AVERAGES | 29,810 | 27,407 | 9 | 64 | 64 | 4,962 | 4,827 | 17,734 | 17,454 | 15,159 | 14,956 | 218,364 | 203,807 |
| | | TOP 250 TOTALS AND AVERAGES | 30,965 | 28,579 | 8 | 63 | 62 | 5,221 | 5,095 | 17,107 | 16,911 | 14,483 | 14,313 | 224,656 | 210,333 |
| | | TOP 300 TOTALS AND AVERAGES | 31,828 | 29,428 | 8 | 63 | 62 | 5,435 | 5,306 | 18,549 | 18,333 | 14,081 | 13,938 | 230,364 | 216,095 |
| | | | | | | | | | | | | | | | |
| | | Total U.S. Home Center/Bldg Mat'l Store Sales** | 63,132 | 57,067 | 11 | | | | | | | | | | |
| | | Total U.S. Hardware Store Sales** | 14,031 | 13,154 | 7 | | | | | | | | | | |
| | | Total U.S. Home Improvement Retail Sales** | 77,163 | 71,063 | 9 | | | | | | | | | | |

| | SUBSIDIARIES 1988 | In Millions Sales 1988 | Sales 1987 | % Change 1987-1988 | %DIY 1988 | %DIY 1987 | Number of Stores 1988 | Number of Stores 1987 | Showroom sq. ft. Store avg. 1988 | Showroom sq. ft. Store avg. 1987 | SKUs store Average 1988 | SKUs store Average 1987 | Employees 1988 | Employees 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Lanoga | **Lumbermen's,** Olympia, Wash. | 72 | 72 | 0 | 48 | 48 | 13 | 16 | 10,000 | 10,000 | 13,500 | 13,500 | 390 | 440 |
| | **Spenard's,** Anchorage, Alaska | 70 | 111 | −37 | 50 | 50 | 9 | 9 | 9,000 | 9,000 | 21,000 | 21,000 | 300 | 350 |
| | **United Building Centers,** Winona, Minn. | 185 | 140 | 32 | 50 | 50 | 102 | 102 | 7,000 | 7,000 | 12,000 | 12,000 | 1,400 | 1,200 |
| Hechinger | | | | | | | | | | | | | | |
| | **Home Quarter's Warehouse,** Virginia Beach, Va.* | 123 | 95 | 29 | 95 | 95 | 11 | 9 | 85,000 | 85,000 | 25,000 | 25,000 | 800 | 800 |
| | **Triangle Building Centers,** Quakerstown, Pa. | 65 | 60 | 8 | 75 | 75 | 6 | 5 | 48,000 | 40,000 | 20,000 | 20,000 | 650 | 500 |

*NHCN estimate

**Source: Dept. of Commerce
Bureau of the Census

[14] Lumber Investors was formerly known as Martin Home Centers.

# Census Methodology

This year, in an effort to better assess the performance of smaller, independent operators, *National Home Center News* has expanded its Annual Census to include the top 300 companies in the home center industry.

The figures for sales, store square footage, stockkeeping units and employees were obtained by *NHCN*'s staff from officials of the respective companies, generally from that company's president, general manager, controller or vp-finance.

When estimates were made, they were based on the reporter's knowledge of that company, how its competitors had performed, and what that company had done the previous year. In devising these estimates, *NHCN* attempted to be as conservative as possible.

In all cases, the companies were ranked in each year according to their sales, with a secondary ranking criterion being the percentage increase in sales from year to year (highest percentage first).

Sales were rounded to the nearest million dollars. Square footage was rounded to the nearest foot. And all percentages were rounded to the nearest whole number.

*NHCN* this year has also recalculated the DIY percentages for the respective industry segments, and the ratio is in direct correlation with the dollar volume the companies in each group got from retail transactions, as opposed to totaling up their respective DIY percentages and taking an average.

In nearly all cases, the numbers given are for the calendar year.

Readers who notice some discrepancies from what *NHCN* printed last year should be alerted to the fact that many companies chose to update the sales figures they gave to this newspaper last year. With so many private companies operating in the industry today, *NHCN*'s Annual Census has striven to reflect most accurately the information the companies on the chart are reporting for the most current year.

# Alphabetical listing of the Industry Top 300

| Company | Rank |
|---|---|
| 84 Lumber | 8 |
| Aaron's Lumber Co. | 279 |
| ACO | 45 |
| Al Meier's Building Centers | 254 |
| Alamo Lumber | 184 |
| Albert R. Lavalley | 191 |
| Alexander Lumber | 41 |
| All American Home Center | 166 |
| American Home & Hardware | 281 |
| Anderson Lumber | 48 |
| Armstrong Building Materials | 300 |
| A.C. Houston Lumber | 57 |
| A.H. Angerstein | 203 |
| A.J. Smith Co. | 259 |
| A.L. Kilgo Co. | 266 |
| Babbitt Brothers | 175 |
| Babcock Building Supply | 224 |
| Bailey Lumber | 244 |
| Barr Lumber | 74 |
| Bauer Enterprises | 121 |
| Bellevue Builders Supply | 80 |
| Bender Lumber | 287 |
| Big Bear | 164 |
| Big Blue Stores | 181 |
| Big Creek Lumber | 140 |
| Big L Corp. | 274 |
| Big Tin Barn | 138 |
| Bison Building Materials | 97 |
| Bloedorn Lumber Co. | 260 |
| BMC West | 31 |
| Bomgaars Supply | 251 |
| Brookhart, Inc. | 214 |
| Brown-Graves | 52 |
| Buena Park Lumber | 252 |
| Builderama | 152 |
| Builders Emporium | 10 |
| Builders General Supply | 125 |
| Builders Square | 4 |
| Builders Supply | 141 |
| Builderway | 54 |
| Busy Beaver | 63 |
| C & C Building Supplies | 193 |
| Calcasieu Lumber | 185 |
| Carter-Jones Lumber | 24 |
| Causeway Lumber | 104 |
| Cederburg Lumber | 225 |
| Central Hardware | 22 |
| Central Michigan Lumber | 85 |
| Central Valley Builders Supply | 250 |
| Century Supply Co. | 162 |
| Champion Lumber | 153 |
| Chandler Lumber | 65 |
| Channel Home Centers | 11 |
| Chase-Pitkin | 59 |
| Chopp & Co. | 280 |
| Chris & Dick's | 208 |
| Church's Lumber | 66 |
| City Mill | 107 |
| Cleveland Builders Supply | 180 |
| Cofer Brothers | 189 |
| Conklin & Strong | 247 |
| Consolidated Lumber | 192 |
| Continental Lumber | 128 |
| Copeland Lumber Yards | 38 |
| Courtesy Home Centers | 68 |
| Cox Lumber | 79 |
| Cramer's Building Centers | 218 |
| Crissey-Fowler Lumber | 277 |
| Curtis Lumber | 81 |
| Daniels-McCray Lumber | 236 |
| Davidson's Industry | 131 |
| Degol Brothers Lumber | 288 |
| Diamond Lumber | 23 |
| Diamond Point Lumber | 93 |
| Dixieline | 35 |
| Dooley's Hardware | 278 |
| Douglas Lumber | 228 |
| Dykes Lumber | 262 |
| Earl Latsha Lumber | 297 |
| East Coast Lumber, E. Hampstead, N.H. | 84 |
| East Coast Lumber, Ft. Pierce, Fla. | 219 |
| Eastern Lumber | 293 |
| Eclipse Industries | 217 |
| Economy Builders Supply | 270 |
| Economy Hardware & Lumber | 255 |
| Edward Hines Lumber | 43 |
| Elk Supply | 221 |
| Elliott Hardware, Elm Grove, Wis | 256 |
| Elliott's Hardware, Dallas | 295 |
| Ellsworth Builders Supply | 239 |
| Elmsford Building Materials | 292 |
| Erb Lumber | 19 |
| Ernst Home & Nursery | 25 |
| E.C. Barton | 83 |
| Fagen's | 67 |
| Fairfax Lumber & Millwork | 195 |
| Fairfield Lumber | 122 |
| Feldman Lumber | 94 |
| Fingerle Lumber | 133 |
| Fox Lumber | 95 |
| Foxworth-Galbraith | 42 |
| Friedman Bros. Lumber | 167 |
| Friend Building Centers | 248 |
| Frierson Building Supply | 188 |
| Fullerton Lumber | 143 |
| F.E. Wheaton & Co. | 202 |
| Ganahl Lumber | 71 |
| Gee Lumber | 296 |
| Geiger Lumber & Supply Co. | 253 |
| General Builders Supply | 220 |
| General Building Products | 61 |
| Gerrity Building Centers | 29 |
| Golden State Lumber | 163 |
| Goodman's Lumber | 91 |
| Great Central Lumber | 211 |
| Great Plains Supply | 115 |
| Grossman's | 6 |
| Grove Lumber | 227 |
| Gulf Stream Lumber | 200 |
| Guy C. Lee Building Materials | 179 |
| G.V. Moore Lumber | 269 |
| Hacienda Home Centers | 204 |
| Haddonfield Lumber | 75 |
| Hancock Lumber | 108 |
| Handy Andy | 17 |
| Hayward Lumber | 111 |
| Hechinger | 7 |
| Henry Bacon Building Materials | 72 |
| Herndon Lumber & Millwork | 187 |
| Herrmann Lumber | 212 |
| Higginbotham Bartlett Co. | 282 |
| Hill-Behan Lumber | 49 |
| Hinckley Home Centers | 154 |
| Holmes Lumber | 77 |
| Home of Economy | 283 |
| HomeClub | 9 |
| Housatonic Lumber | 298 |
| Hughes Lumber | 240 |
| H&E DIY Centers | 158 |
| H.E. Leonhardt Lumber | 291 |
| H.G. Page & Sons | 273 |
| International Paper Co. | 165 |
| Jaeger Lumber | 159 |
| James Lumber | 60 |
| J.C. Snavely & Sons | 146 |
| J.T.'s Home Centers | 99 |
| Kaplan Lumber | 213 |
| Kempsville Lumber | 139 |
| Kesseli & Morse Co. | 171 |
| Kleet Lumber | 257 |
| Kogel Giant Building Supply | 82 |
| Kuesters | 241 |
| Lampert Lumber | 50 |
| Lampert Yards | 105 |
| Lanoga | 18 |
| Lappo Lumber | 226 |
| Latham Home Center | 157 |
| LaValley Building Supply | 126 |
| Learned Lumber | 174 |
| Lester Group | 144 |
| Levy's Building Centers | 198 |
| Lezzer Lumber | 98 |
| Lloyd Home & Building Centers | 40 |
| Lonestar Hardware | 102 |
| Lowe's | 1 |
| Lumber City | 209 |
| Lumber Headquarters | 170 |
| Lumber Investors | 284 |
| Lummus Supply | 237 |
| Lyman Lumber | 46 |
| Mack Industries | 177 |
| Manis Lumber (Wheeler's) | 223 |
| Marvin's, Inc. | 215 |
| Masten Lumber | 120 |
| Matthews & Fields Lumber | 276 |
| Matt's Cash & Carry | 242 |
| Mayfair Lumber | 245 |
| McCoy's | 28 |
| McLendon Hardware | 272 |
| Mead Clark Lumber | 194 |
| Meeks Building Centers | 36 |
| Menard's | 13 |
| Midland Lumber & Supply | 160 |
| Midpac Lumber | 182 |
| Millard Lumber | 161 |
| Miron Building Products | 90 |
| Moodus Lumber | 216 |
| Moser Lumber | 127 |
| Moynihan North Reading Lumber | 147 |
| Mr. Goodbuys | 30 |
| Mutual Materials | 150 |
| M.G.Building Materials | 88 |
| M.L.Claster & Sons | 103 |
| Narrowsburg Lumber | 206 |
| Nassau Suffolk Lumber | 100 |
| National Home Center | 70 |
| National Lumber, Fountain Valley, Calif. | 33 |
| National Lumber, Newton, Mass. | 117 |
| Neiman-Reed's Lumber City | 78 |
| NHD Stores | 86 |
| Nickerson Lumber | 96 |
| Nonantum Lumber | [illegible] |
| N.T. Fox Co. | [illegible] |
| Olshan Lumber | [illegible] |
| Orchard Supply Hardware | 27 |
| O'Malley's | 51 |
| O. B. Thompson | 137 |
| Panning Lumber | 176 |
| Parr Lumber | 89 |
| Pay 'N Pak | 16 |
| Payless Cashways | 3 |
| Pease Co. | 136 |
| Pergament Home Centers | 21 |
| Peter Lumber | 148 |
| Piedmont Lumber | 130 |
| Pine Tree Lumber | 119 |
| Plywood Minnesota | 114 |
| Ply-Marts | 132 |
| P.E. Dolan Lumber | 267 |
| P.F. O'Connor | 39 |
| R Lumber Center | 271 |
| Raymond Building Supply | 142 |
| Richardson Industries | 172 |
| Rickel | 15 |
| Ridge Lumber | 129 |
| Ridout Lumber | 197 |
| Rigg's Supply | 110 |
| Riverhead Building Supply | 116 |
| Riverside Millwork | 123 |
| Robertson Cos. | 232 |
| Rocky's Home Center | 186 |
| Roper Bros. Lumber | 151 |
| Ruffin & Payne | 234 |
| R.P. Lumber | 235 |
| Sackett & Peters | 290 |
| San Lorenzo Lumber | 109 |
| Santa Barbara Home Improvement | 299 |
| Scherer Bros | 64 |
| Scotty's | 14 |
| Seacoast/Pelican Building Centers | 62 |
| Seigle's Home & Building Centers | 47 |
| Serv-U Hardware Home Centers | 294 |
| Shaw Lumber | 135 |
| Shelly Enterprise | 156 |
| Shelly Son Fenstermacher | 229 |
| Simon Stores | 275 |
| Sinclair Lumber | 134 |
| Snow Lumber & Home Decorating | 268 |
| Somerville Lumber, Bridgewater, N.J. | 264 |
| Southampton Lumber | 210 |
| Spahn & Rose Lumber | 145 |
| Stacy Building Materials | 169 |
| Stambaugh-Thompson | 56 |
| Standard Supply & Lumber | 106 |
| Star Lumber | 101 |
| Steenbeke & Sons | 238 |
| Stine Lumber | 246 |
| Stock Lumber | 113 |
| Stottlemyer & Shoemaker Lumber | 201 |
| Stripling Blake Lumber | 222 |
| Strober Organization | 34 |
| Supply One | 207 |
| Sutherland | 12 |
| TAPJAC Co. | 173 |
| Terry Companies | 32 |
| The Andersons | 37 |
| The Chicago Lumber Co. of Omaha | 263 |
| The Country Lumber Co. | 199 |
| The Estate of George Snyder | 265 |
| The Home Depot | 2 |
| The Level Line | 149 |
| The Paty Co. | 92 |
| Thompson Building Materials | 58 |
| Thompson Lumber | 155 |
| Thurman Industries | 190 |
| T.H. Rogers Lumber | 205 |
| United Building Supply | 285 |
| Valu Home Centers | 53 |
| Wallich Lumber | 178 |
| Walter & Jackson,Inc. | 230 |
| Webber Lumber & Supply | 73 |
| West Building Materials | 20 |
| West Elizabeth Lumber | 289 |
| Western Home Center | 124 |
| Western Lumber | 69 |
| Westlake Hardware | 44 |
| Whelan's | 231 |
| Wickes Lumber | 5 |
| William M. Young | 112 |
| Williams Brothers | 76 |
| Wilson Lumber | 261 |
| Wolf Organization | 55 |
| Wolohan Lumber | 26 |
| Woodhaven Lumber | 118 |
| Woodward Lumber | 286 |
| W.H. Conyngham & Co. | 196 |
| W.T. Harvey Lumber Co. | 243 |
| Yaeger & Kirk | 168 |
| Yankee Supply | 233 |
| Yardbirds of California | 87 |

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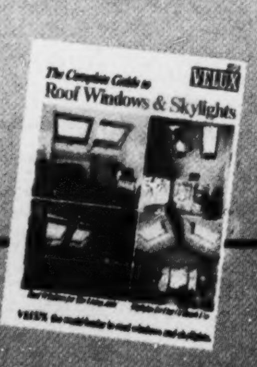

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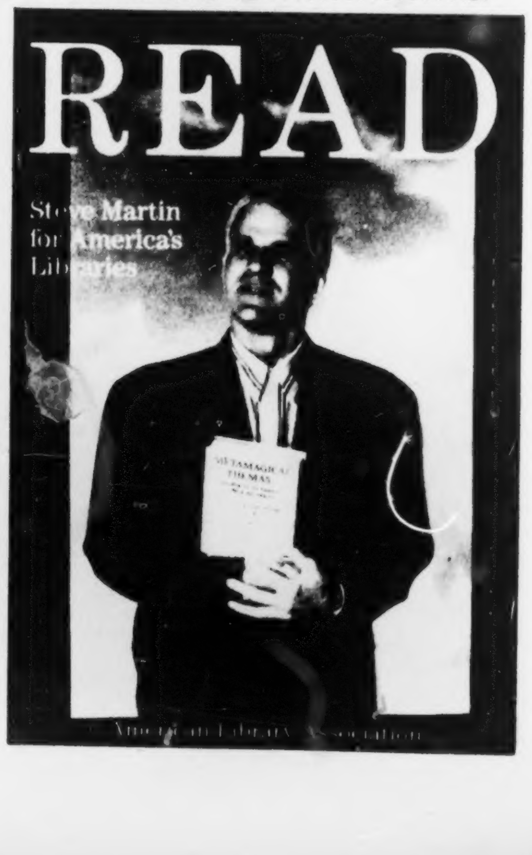
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# Dealers focus on productivity as industry expands

The industry's chains and independents compete in many ways, not only in the marketplace but also on a more hidden battlefield: the ledger sheet that weighs the performance of employees and stores.

The accompanying charts reveal that while the big chains dominate a number of these areas, growth was not their sole preserve, as a number of independent building materials operators more than kept pace with their larger competitors in terms of sales gains last year.

### 10 chains add 6.8M sq. ft.

That hasn't been easy, given the fact that the overstoring in the industry was exacerbated by the expansion among many retailers. Excluding store additions through acquisition—as in the case of Hechinger's purchase of Triangle Building Centers and Erb Lumber's of Braver Lumber—there were more than 6.8 million square feet of retail showroom space added by the dealers ranking among the top 10 in net store increases.

Leading the way was The Home Depot, which tacked on another 1.81 million square feet. The other warehouse chains—Builders Square and Home Club, which added 19 and 10 stores respectively—each expanded their market coverage by more than 1 million square feet.

There were also some surprises: McCoy's Building Centers has arisen as a major force in the Southwest, and its five new stores last year, two of which were in new markets in New Mexico, added 90,000 square feet to the market. And Hechinger increased its total square footage by nearly 600,000 square feet, which will probably pale beside tallies when the Landover, Md.-based chain starts rolling out new store conversions of some of the 33 Bradlees units it bought last year.

### Small cos. gain in sales

The 10 largest home center chains now own a bigger chunk of the total market—around 18 percent of $77 billion last year—than ever before. And while a number of these companies enjoyed solid sales growth in 1988, there were also remarkable gains by mid-sized chains and independent commodities dealers.

When ranked by percentage sales gains, seven of the 10 companies listed are mostly contractor-oriented lumberyard operators. For example, the 44 percent sales growth of the $65 million Henry Bacon was accomplished despite stiff competition from Pay 'N Pak, Ernst and newcomers HomeClub and Builders Square, and reflects the bustling Pacific Northwest market.

Orchard Supply, whose 31 stores were recently purchased from Wickes Cos. by its management, has fewer competitors but it nonetheless boosted its sales to an estimated $250 million.

### Sales per employee decline

The success of Orchard and other companies over the next few years will hinge not so much on their opening new stores as it will on getting greater productivity out of what they've already got.

And to that end, the industry's top 25 chains in sales have performed variably.

This is especially true when one calculates sales per employee for the two years. Factoring in that not every store was opened for a full year (which accounts for the drop in employee productivity at the warehouse chains), there still remains evidence that some companies could be doing a much better job in this area.

In fact, it appears that the commodities-oriented chains—84 Lumber, Diamond Lumber, Erb Lumber, Sutherland Lumber—have excelled by this criteria, most probably because they require far fewer employees than do the retail-oriented operators such as Pergament, Builders Emporium or Central Hardware.

## LEADING PERCENT SALES GAINERS

| Rank | Company | % Change Sales 1987-1988 |
|---|---|---|
| 1 | **Shelly Enterprise,** Souderton, Pa. | 50 |
| 2 | **Henry Bacon Building Materials,** Bellevue, Wash. | 44 |
| 3 | **Hechinger,** Landover, Md. | 41 |
| 4 | **The Home Depot,** Atlanta | 38 |
| 5 | **Piedmont Lumber,** Pleasant Hill, Calif. | 35 |
| 6 | **A.C. Houston Lumber,** Wichita, Kan. | 33 |
| 7 | **Mr. Goodbuys,** Philadelphia | 30 |
| 8 | **Barr Lumber,** Los Alamitos, Calif. | 29 |
| 9 | **Davidson's Industry,** Southport, Ind. | 25 |
| 10 | **Fairfax Lumber & Millwork,** Springfield, Va. | 25 |
| — | **Mead Clark Lumber,** Santa Rosa, Calif. | 25 |
| — | **Orchard Supply Hardware,** San Jose, Calif.* | 25 |

## BIGGEST STORE COUNT GAINERS

| Rank | Company | Number Stores 1988 | 1987 | Net Increase |
|---|---|---|---|---|
| 1 | **The Home Depot,** Atlanta | 96 | 75 | 21 |
| 2 | **Scotty's,** Winter Haven, Fla. | 160 | 141 | 19 |
| 3 | **Builders Square,** San Antonio, Texas | 133 | 118 | 15 |
| 4 | **Hechinger,** Landover, Md. | 92 | 79 | 13 |
| 5 | **HomeClub,** Fullerton, Calif. | 46 | 36 | 10 |
| 6 | **84 Lumber,** Eighty-Four, Pa. | 369 | 361 | 8 |
| 7 | **ACO,** Farmington Hills, Mich. | 72 | 66 | 6 |
| 8 | **Erb Lumber,** Birmingham, Mich. | 50 | 44 | 6 |
| 9 | **McCoy's,** San Marcos, Texas | 86 | 80 | 6 |
| 10 | **Handy Andy,** Schaumburg, Ill. | 49 | 44 | 5 |
| — | **Mr. Goodbuys,** Philadelphia | 17 | 12 | 5 |
| — | **Pay 'N Pak,** Kent, Wash. | 105 | 100 | 5 |

## Productivity For the Top 25 Chains

| Rank | Company | Sales per Sq. Ft. |  | $ Mil. Sales per Store |  | Sales per Employee |  |
|---|---|---|---|---|---|---|---|
|  |  | 1988 | 1987 | 1988 | 1987 | 1988 | 1987 |
| 1 | **Lowe's Cos.**, North Wilkesboro, N.C. | **$496.96** | $511.13 | **8.5** | 8.3 | **$170,000** | $165,300 |
| 2 | **The Home Depot,** Atlanta | **242.25** | 235.77 | **20.8** | 19.3 | **153,846** | 179,012 |
| 3 | **Payless Cashways,** Kansas City, Mo. | **360.87** | 336.18 | **9.7** | 9.1 | **126,667** | 118,000 |
| 4 | **Builders Square,** San Antonio, Texas | **159.77** | 148.31 | **12.8** | 11.9 | **113,333** | 127,273 |
| 5 | **Wickes Lumber,** Vernon Hills, Ill. | **634.92** | 595.24 | **5.7** | 5.4 | **160,000** | 160,000 |
| 6 | **Grossman's,** Braintree, Mass. | **145.66** | 142.46 | **4.6** | 4.2 | **140,988** | 139,870 |
| 7 | **Hechinger,** Landover, Md. | **184.78** | 152.95 | **11.1** | 9.2 | **72,857** | 72,500 |
| 8 | **84 Lumber,** Eighty-Four, Pa. | **121.95** | 113.71 | **2.4** | 2.3 | **281,250** | 182,444 |
| 9 | **HomeClub,** Fullerton, Calif.* | **168.48** | 180.56 | **16.8** | 18.1 | **129,167** | 130,000 |
| 10 | **Builders Emporium,** Irvine, Calif.* | **168.07** | 163.10 | **5.9** | 5.7 | **97,222** | 100,694 |
| 11 | **Channel Home Centers,** Whippany, N.J. | **93.17** | 89.51 | **4.2** | 4.0 | **79,412** | 76,316 |
| 12 | **Sutherland,** Kansas City, Mo.* | **352.94** | 347.75 | **7.8** | 7.7 | **227,586** | 218,966 |
| 13 | **Menard's,** Eau Claire, Wis. | **221.43** | 221.80 | **15.5** | 15.5 | **187,879** | 178,788 |
| 14 | **Scotty's,** Winter Haven, Fla. | **70.26** | 76.42 | **3.4** | 3.7 | **78,686** | 83,770 |
| 15 | **Rickel,** South Plainfield, N.J. | **234.83** | 226.43 | **9.9** | 9.5 | **86,545** | 82,115 |
| 16 | **Pay 'N Pak,** Kent, Wash.* | **130.07** | 132.20 | **4.4** | 4.3 | **201,304** | 186,522 |
| 17 | **Handy Andy,** Schaumburg, Ill.* | **111.04** | 113.64 | **7.6** | 7.4 | **82,222** | 81,250 |
| 18 | **Lanoga,** Redmond, Wash. | **376.73** | 363.33 | **2.6** | 2.5 | **156,459** | 161,500 |
| 19 | **Erb Lumber,** Birmingham, Mich. | **525.00** | 569.17 | **6.3** | 6.5 | **190,909** | 205,714 |
| 20 | **West Building Materials,** Atlanta | **98.04** | 99.09 | **4.4** | 4.2 | **100,000** | 88,438 |
| 21 | **Pergament Home Centers,** Melville, N.Y. | **187.50** | 208.33 | **7.5** | 8.3 | **100,000** | 100,000 |
| 22 | **Central Hardware,** Bridgeton, Mo. | **111.34** | 131.87 | **7.2** | 8.6 | **78,571** | 93,750 |
| 23 | **Diamond Lumber,** Dallas | **584.33** | 506.63 | **4.3** | 3.7 | **182,000** | 155,333 |
| 24 | **Carter-Jones Lumber,** Kent, Ohio | **222.60** | 207.19 | **1.8** | 1.7 | **130,000** | 121,000 |
| 25 | **Ernst Home & Nursery,** Seattle | **107.93** | 107.93 | **3.6** | 3.6 | **118,182** | 98,113 |

Source: Company records, NHCN research

*NHCN estimate

## TOP CHAINS BY STORE COUNT

| Rank | Company | Number of Stores |
|---|---|---|
| 1 | **84 Lumber,** Eighty-Four, Pa. | 369 |
| 2 | **Lowe's Cos.**, North Wilkesboro, N.C. | 296 |
| 3 | **Grossman's,** Braintree, Mass. | 246 |
| 4 | **Wickes Lumber,** Vernon Hills, Ill. | 210 |
| 5 | **Payless Cashways,** Kansas City, Mo. | 195 |
| 6 | **Channel Home Centers,** Whippany, N.J. | 161 |
| 7 | **Scotty's,** Winter Haven, Fla. | 160 |
| 8 | **Carter-Jones Lumber,** Kent, Ohio | 146 |
| 9 | **Builders Square,** San Antonio, Texas | 133 |
| 10 | **Lanoga**, Redmond, Wash. | 124 |

# Stock analysts express cautious enthusiasm about industry performance

**By Tim O'Malley**

NATIONAL REPORT — Securities analysts view the home improvement industry not in terms of merchandising and customer service, but by profit and loss statements and quarterly earnings. And by those criteria, they saw 1988 as a year in which the realities of retailing finally caught up with the public companies.

Michael B. Exstein, a retail analyst with Shearson Lehman Hutton, said a "price sensitivity" among consumers emerged prominently last year. Consequently, as he expected, margins on products were either lowered or will eventually be lowered industrywide.

"It's a process that's true of all retailing, and this industry is no different," he said.

This turn of events could set the stage for massive changes over the next four years, according to Robert Curran of Merrill Lynch. He said lowering margins, among other things, will cause smaller chains to suffer.

"You're going to see the industry dominated by fewer companies," he said. "Overleveraged companies without a lot of capital will be finished."

Exstein said many of what he called "traditional" home centers—Lowe's, Hechinger, Scotty's and Grossman's, for example—had, for them, subpar years, while the warehouse operators generally did better.

For example, Home Depot reeled in record profits in 1988, and for the first time in its six-year history, Builders Square turned a profit.

Exstein believes the "warehouse" concept used by Home Depot and Builders Square will become the norm of the industry. Such stores have greater square footage, and can stock larger quantities of items.

Skip Helm, a partner with William Blair in Chicago, defended Hechinger's performance in 1988—which has been knocked about by a number of Wall Street observers—saying the company was busy acquiring Home Quarters and Triangle Building Centers, as well as 47 northeastern Bradlees units, and that its management was temporarily diverted.

"Hechinger is a survivor; they'll be here a long time," he said, adding that their store design will also endure. "Let's face it, not everyone prefers shopping in a warehouse."

Curran of Merrill Lynch agrees. "They've experimented with the larger store and it hasn't worked for them," he said. "If they want to go back to it, they can with the acquisition of Home Quarters, which is larger."

Helm said he was surprised at the positive performance turned in by Builders Square.

> 'You're going to see the industry dominated by fewer companies. Overleveraged companies without a lot of capital will be finished.'
>
> —**Robert Curran,** *retail analyst, Merrill Lynch*

"I found it hard to believe in the beginning of the year that they would make money," he said.

### Scotty's defends turf

There is wide agreement among securities analysts that the Winter Haven, Fla.-based Scotty's suffered in 1988 partly because it was getting hammered in Florida by the warehouse operators. Helm referred to Scotty's strategy of trying to meet those chains on their own terms—price—as "almost suicidal."

But David Bolotsky, an analyst at Goldman Sachs, noted that Scotty's, with most of its 162 stores in Florida, had no choice but to defend its home turf. Having learned a hard lesson there, however, he suggested that Scotty's might do well courting commercial accounts (which made up 12 percent of Scotty's business a year ago) or other specialized business in the future.

At Lowe's, the industry's largest chain and in some ways its barometer, net income was up 13 percent to $69 million in 1988. Helm said he had expected the company to do better but believes more new home construction was needed for that to have happened.

Curran said Lowe's "came in pretty close to what we expected."

No one was surprised at the sterling year turned in by the 96-unit Home Depot, although some had expected the October 1987 stock market crash to keep the company's profits modest.

"It just didn't happen," said Bolotsky. "They exceeded the consensus of expectation in every way."

Home Depot's average store generated $28 million in revenues in 1988, not including its stores in Texas. The company also reports that its two northeast stores, opened last year in New Jersey and Connecticut, are already turning a profit.

In comparison, Grossman's 246 outlets, down from 258 stores in 1987, sold an average of $4.5 million each. Overall, the company's income plummeted from $20 million in 1987 to $13 million last year.

Earnings for another big competitor in the industry, Sears, were down 11 percent in 1988. Each of the analysts believes, however, that the retail giant's new focus on consumers—including everyday low pricing and "brand central"— could give competitors headaches if executed properly.

Meanwhile, Bolotsky said one trend begun late last year—rising interest rates—could spell disaster for the contractor supplier business before this year is out.

At the same time, he said, it will "create some terrific buying opportunities" for retailers.

## Selected Performance Comparisons For the Leading Public Companies

| | Sales ($ mil.) | | | Net income ($ mil.) | | |
|---|---|---|---|---|---|---|
| | 1988 | 1987 | 1979 | 1988 | 1987 | 1979 |
| Lowe's | $2,516 | $2,440 | $905 | $ 69 | $61 | $25.0 |
| Home Depot | 1,999 | 1,450 | 7 | 77 | 54 | (1.0) |
| Payless Cashways | 1,900 | 1,450 | 363 | 141*** | 28* | 42.0 |
| Grossman's | 1,100 | 1,000 | 632** | 13 | 18 | NA |
| Hechinger | 1,020 | 725 | 147 | 49 | 42 | 5.0 |
| Scotty's | 551 | 515 | 201 | 18 | 10 | 8.0 |
| Wolohan Lumber | 258 | 229 | 137 | 11 | 9 | 0.4 |
| National Lumber | 152 | 159 | 57 | (5) | 0.23 | NA |
| Strober Organization | 140 | 105 | NA | 4 | 5 | NA |
| NHD Stores | 51 | 36 | 33 | 1 | 1 | 0.13 |

*after $13.6 million charge
**As the retail division of Evans Products
***Earnings before interest, taxes and depreciation

| | Earnings Per share | | | Stores | | |
|---|---|---|---|---|---|---|
| | 1988 | 1987 | 1979 | 1988 | 1987 | 1979 |
| Lowe's | $1.83 | $1.54 | $0.77 | 296 | 295 | 209 |
| Home Depot | 1.50 | 1.13 | 0.03 | 96 | 75 | 3 |
| Payless Cashways | NA | 0.81 | 1.22 | 195 | 194 | 69 |
| Grossman's | 0.50 | 0.79 | NA | 246 | 258 | 328* |
| Hechinger | 1.30 | 1.18 | 0.24 | 92 | 81 | 26 |
| Scotty's | 1.19 | 0.71 | 0.88 | 162 | 141 | 71 |
| Wolohan Lumber | 1.92 | 1.53 | 0.67 | 45 | 42 | 34 |
| National Lumber | (0.82) | 0.04 | NA | 20 | 19 | 9 |
| Strober Organization | 0.64 | 0.87 | NA | 12 | 12 | NA |
| NHD Stores | 0.79 | 0.70 | 0.20 | 33 | 27 | 18 |

*includes Lindsley stores

| | Employees | | | Return on Equity (%) | | |
|---|---|---|---|---|---|---|
| | 1988 | 1987 | 1979 | 1988 | 1987 | 1979 |
| Lowe's | 14,774 | 14,761 | 5,804 | 11.8% | 11.3% | 17.7% |
| Home Depot | 13,000 | 9,100 | 200 | 21.6 | 21.1 | NA |
| Payless Cashways | 14,000 | 15,000 | 3,600 | NA | 12.7 | NA |
| Grossman's | 8,100 | 7,700 | NA | 13.0 | 20.0 | NA |
| Hechinger | 14,200 | 10,500 | 2,425 | 14.2 | 15.4 | 22.1 |
| Scotty's | 6,769 | 6,303 | 2,602 | 10.1 | 6.1 | 23.2 |
| Wolohan Lumber | 1,600 | 1,500 | 694 | 23.4 | 22.9 | 15.3 |
| National Lumber | 1,300 | 1,500 | 750 | NA | NA | NA |
| Strober Organization | 500 | 370 | NA | 14.0 | 22.5 | NA |
| NHD Stores | 620 | 566 | 532 | 12.6 | 10.5 | 2.5 |

| | Gross Margins as % of sales | | |
|---|---|---|---|
| | 1988 | 1987 | 1979 |
| Lowe's | 23.9% | 23.9% | 18.0% |
| Home Depot | 27.0 | 27.8 | 28.8 |
| Payless Cashways | NA | NA | NA |
| Grossman's | 29.1 | 29.4 | NA |
| Hechinger | NA | NA | NA |
| Scotty's | 27.5 | 31.0 | 29.7 |
| Wolohan Lumber | 27.9 | 27.1 | 22.9 |
| National Lumber | 30.1 | 30.3 | NA |
| Strober Organization | 30.0 | 30.2 | NA |
| NHD Stores | NA | NA | NA |

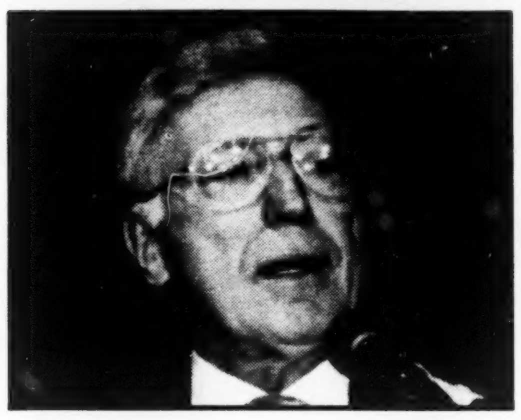
Source: Company annual reports, *NHCN* chart

*For the most part, the publicly held home improvement retailers have flourished over the past decade.*

*Since 1979 Lowe's has doubled its annual per-store sales to $8.5 million; Payless Cashways, whose units got $5.3 million 10 years ago, now produce almost $10 million each. Wolohan Lumber's store sales grew to more than $6 million from $4 million a decade ago.*

*Over the 10-year span, Home Depot's annual average growth rate as a chain was 85.1 percent, compared with the 24.1 percent annual growth enjoyed by Hechinger, 11.5 percent by Lowe's, and the 7.3 percent growth by Wolohan. Scotty's average percentage growth during this period was 13.4 percent, although that drops to 8.9 percent in the years 1983-88.*

# Leading retail executives tout industry's vital signs



Bernie Marcus, chairman of Home Depot. NHCN photo

*In 1988, The Home Depot celebrated its 10th anniversary with a bang by hitting $2 billion in sales, compared to $7 million in its first year of business. Its net income in 1988 jumped 42 percent to nearly $77 million.*

*The growth of the chain is unbridled, as Home Depot will open 24 stores this year.*

*Bernie Marcus, the chain's chairman and guiding light, discussed the health of the home improvement industry during a recent interview.*

***Analysts are wary of the industry's vital signs. Are we still in a growing market?***

Yes . . . the soothsayers are wrong.

In the late 1960s, it was the discount store business that was dynamic. Then several people fell by the wayside and [Wall Street] said that the discount store business was doomed. But that wasn't true, because out of its ashes came people like K mart, Wal-Mart, the Target stores, all with a very viable, professionally run business, run by merchants who knew what they were doing.

If you look at the numbers of what was done in the discount store business in those years it's very relevant to what's happened in this industry. The players changed; the business didn't change. The people who are weak, the people who are not well run, the people who are riding dinosaurs and didn't change with the industry are gone.

The home improvement business is going to double [in sales] . . . and you're eventually going to have people doing 15, 20 and 25 percent of the business.

***What does the successful retailer need to have in three to five years . . . to be one of the survivors?***

Consumers want a place to shop where they can get a value. A value means they're going to want to buy items at a fair price. I'm not saying the lowest price because the lowest price may not be necessary at that point.

They're going to want a place to shop where they feel comfortable in the environment; to be able to buy what they want to buy when they want to buy it; to know they're going to get quality, and know they're going to find somebody who is going to be intelligent to take care of them.

Jud Walford, formerly of Builders Square. NHCN photo

*Until his decision to leave the company a few weeks ago, Jud Walford was executive vp-merchandising and advertising for Builders Square, the 133-unit chain he helped found in 1983.*

*During the Home Center Show this past March, Walford discussed some of the many changes going on at one of the industry's fastest-growing but most controversial operators.*

***Has the Builders Square [warehouse] concept reached maturity?***

We need about three full years to reach sales maturity and nearly half our stores haven't been open that long, so we're a long way from steady growth.

We've used information from our new point of sale system and automatic replenishment to refine our product mix. It has given us a better definition of what to keep in the store. The majority of the 7,000 skus that we've eliminated were a duplication of brands.

We see ourselves as strong as a pure home center but maybe too narrowly focused. We have added products to broaden our mix, particularly for women, [by] adding more items in the housewares section.

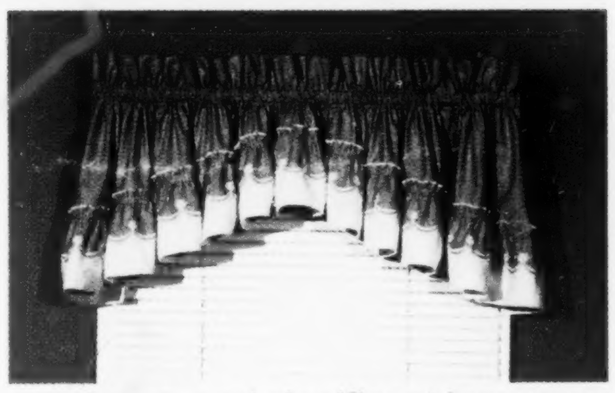
***How does Builders Square cope with the ever increasing demand for service, particularly in markets where help is hard to find?***

No one can afford great service; it's too expensive. So the key to service is to target it and find the specific areas where it's sensitive to the con-

(Continued on page 62)

"Curtron™ High Hats® have a line I never expected."

*Vincent Franco, President, Frankels Home Furnishings, Port Washington, NY.*



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## RETAIL CENSUS

# Industry officials stress service, employee training

*(Continued from page 60)*

sumer, like carpet and ceramic tile. Service is essential in lumber and building materials for loading and to sell related products.

You have to pick your spots, and he who picks the spots the best will make it.

***How do you view Builders Square's relations with its vendors?***

We now have better information on fill rates, shipping, product by product and sku by sku and know what products are moving.

We have regular communciation with our major suppliers and hold marketing meetings with the top 100 vendors over six to eight weeks during November and December.

However, it's surprising to me that vendors in our industry are doing less than in other industries to fight for shelf space.

*David Stanley, president of Payless Cashways.* NHCN photo

*His company pursued by corporate raider Asher Edelman, David Stanley was successful in taking Payless Cashways private last October, but at a heavy cost: $1.2 billion in debt, whose interest equals $400,000 a day.*

*The 54-year-old Stanley discussed his company and his considerable challenges within the context of a changing industry.*

***What does Payless have to do well to succeed, given the changes at your company these recent months?***

The retailer, whether it's us or anyone else, has to be the low-cost provider of the value bundle; these companies have a true competitive advantage.

That value equation includes service, as this is a high service business in which only a very few provide good service. And internally, you simply need to get higher comp-store volume from each unit.

There are very few retailers today who make it on buying better alone; few of us are in the business of chasing after a gross margin rate.

***There appears to be more need for installed services. Is that so or is the offering too complicated?***

In order for a store to do that effectively, you've got to have a single source of installation. Now all of a sudden you've taken one of your [remodeler] customers and preferred him to all of your other, very good customers.

We did have an installed sales program in Kansas City and Dallas. I view it as being unsuccessful in part because the demand for installed services from us wasn't there and in part because it was competitive with our very best customers.

***What is your company doing to cement relationships with vendors?***

When I look at our top 20 suppliers, I think we have the equivalent of partnership relationships or incipient partnership relationships with at least 12 of them. That partnership includes forecasting, negotiated, carefully structured supply arrangements when they will deliver, how we will order and regular EDI [electronic data interchange] with 74 of our larger vendors.

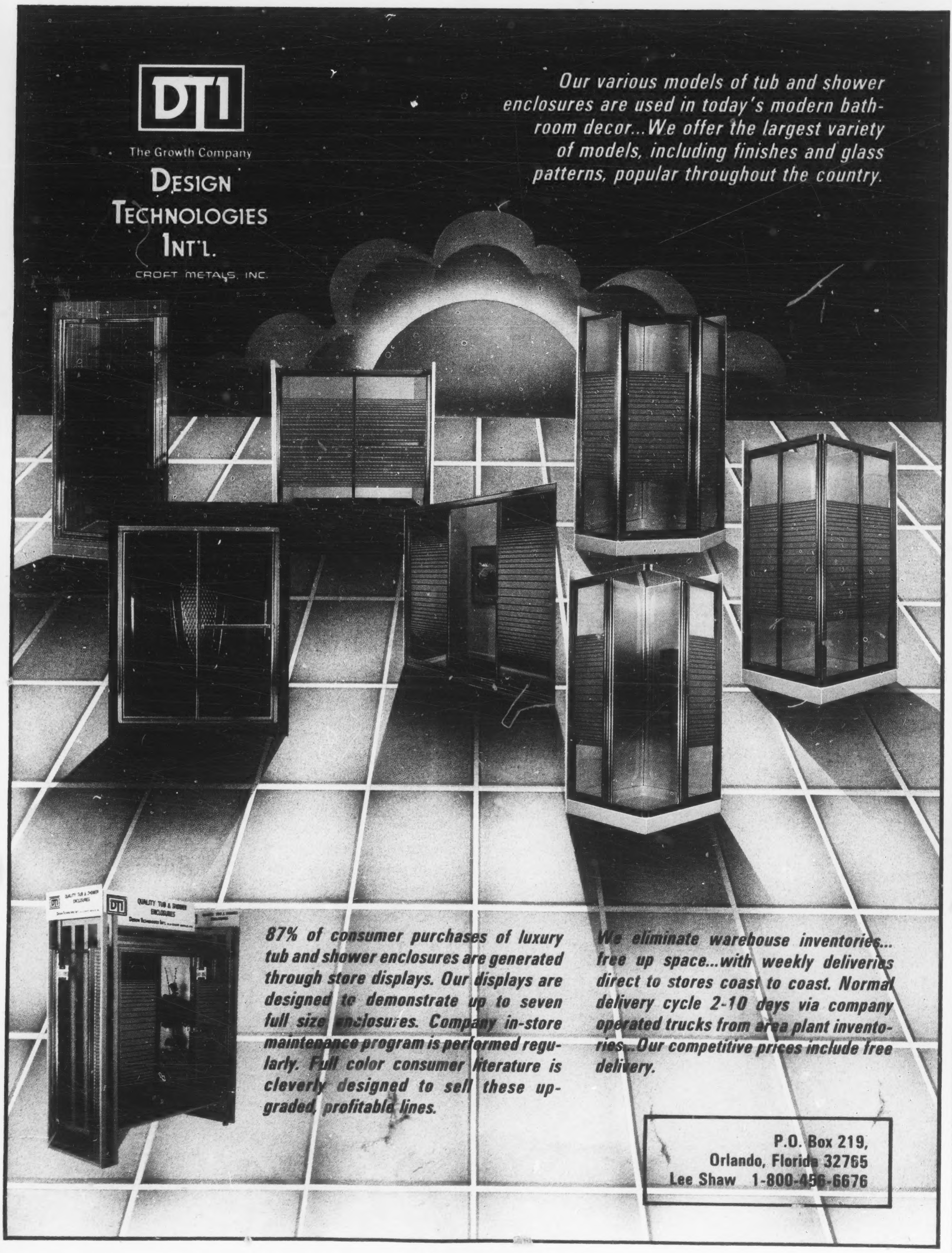
*Robert Strickland, chairman of Lowe's.* NHCN photo

*There are few constants in home improvement retailing. But Lowe's remains atop the industry in total sales. And more recently, the company has been an innovator in new store concepts.*

*Lowe's chairman, Robert Strickland, has spoken extensively on his company and the industry. He elaborated on some of his views during a recent interview.*

***There's been some question about the industry's vitality.***

*(Continued on page 64)*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## RETAIL CENSUS

# Consolidation anticipated by top industry executives

(Continued from page 62)

People will continue to spend more time at home. The cocooning idea makes good sense.

Homeowners out there would rather have someone else do the work for them, but that's just not happening; I don't see any trends where plumbers or carpenters are becoming any more available or more reasonably priced.

***Some in the industry have argued, though, that store formats that have worked previously are giving way to new ways of presenting products; that some home centers have, in effect, become convenience stores.***

Compared to everything that came before them, traditional home centers were basically convenience stores. Handy Dan and Handy City were the first stores that brought under one roof, for the first time, not only everything needed to fix it, but also to fix it up.

The real question for all of us now is how a leopard can change his stripes.

***What is Lowe's doing here?***

We've just expanded the trading area of our Boone store [to approximately 40,000 square feet]. In three years we will change many stores into larger stores in the same markets.

***Will industry accept a genuinely new store concept?***

I'm not sure the industry is mature enough to accomplish that.

***What are the other key concerns?***

We need to get to the point where self-service is purely satisfied. That may [take] about three years. It means getting appropriate space for self-service and then coming back and overlapping service selling. Boone's environment would lend itself better than any warehouse store would lend itself to service selling.

Steven Kadish, president of Handy Andy. NHCN photo

*Not too long ago, Handy Andy Home Improvement Centers was a midsized Chicago dealer that gave no hint of the explosive growth it has undergone over the past few years. Currently at 50 stores, the $370 million chain has just agreed to purchase the 38-store Central Hardware.*

*Steve Kadish, Handy Andy's president, spoke with* NHCN *before that acquisition about his company.*

***Some people are beginning to question the viability of the industry, given the number of chains for sale. How strong is retail home improvement?***

The industry is much broader than just DIY; it's really a component of beautifying one's home, which includes buying the product, installing it or hiring someone to install it.

The "cocooning" phenomenon has turned the home into a retreat for many families, the focal point of activity. So what our company sells is very viable for what homeowners want and need.

However, the business continues to have a "market share philosophy" which hasn't been all that healthy. The easiest thing to do is to lower prices, but that's not enduring; it's the package you take to market.

***Does that package include offering installation to busy homeowners?***

Installation is fraught with difficulties, but these aren't sufficient enough to negate the service. Ernst's Mr. Build program appears to be working, and Sears dominates this area. If one operator can do it, it can be done.

***What should ceos like yourself be concentrating on these days?***

One of our many challenges is to hire people who have been the traditional retail employees, and getting more out of them in terms of productivity.

Secondly, there's execution: taking a concept and making it reality. There are always great opportunities for internal growth, in terms of profitability and return on investment. In addition, there are certain maturity levels inside a company that lend themselves to experimentation.

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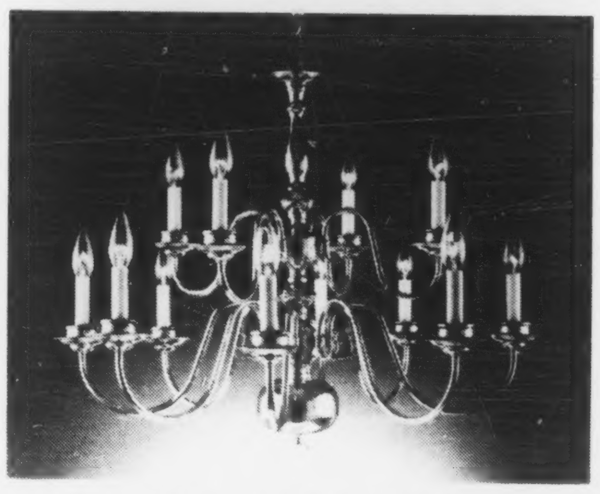

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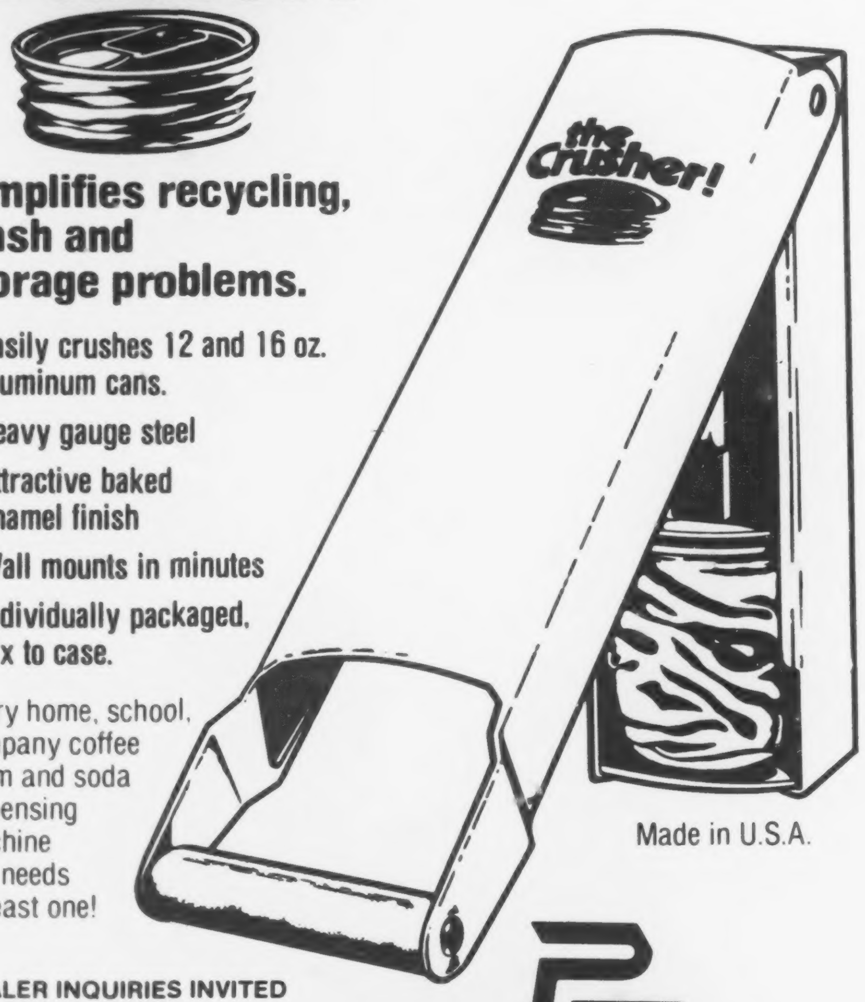
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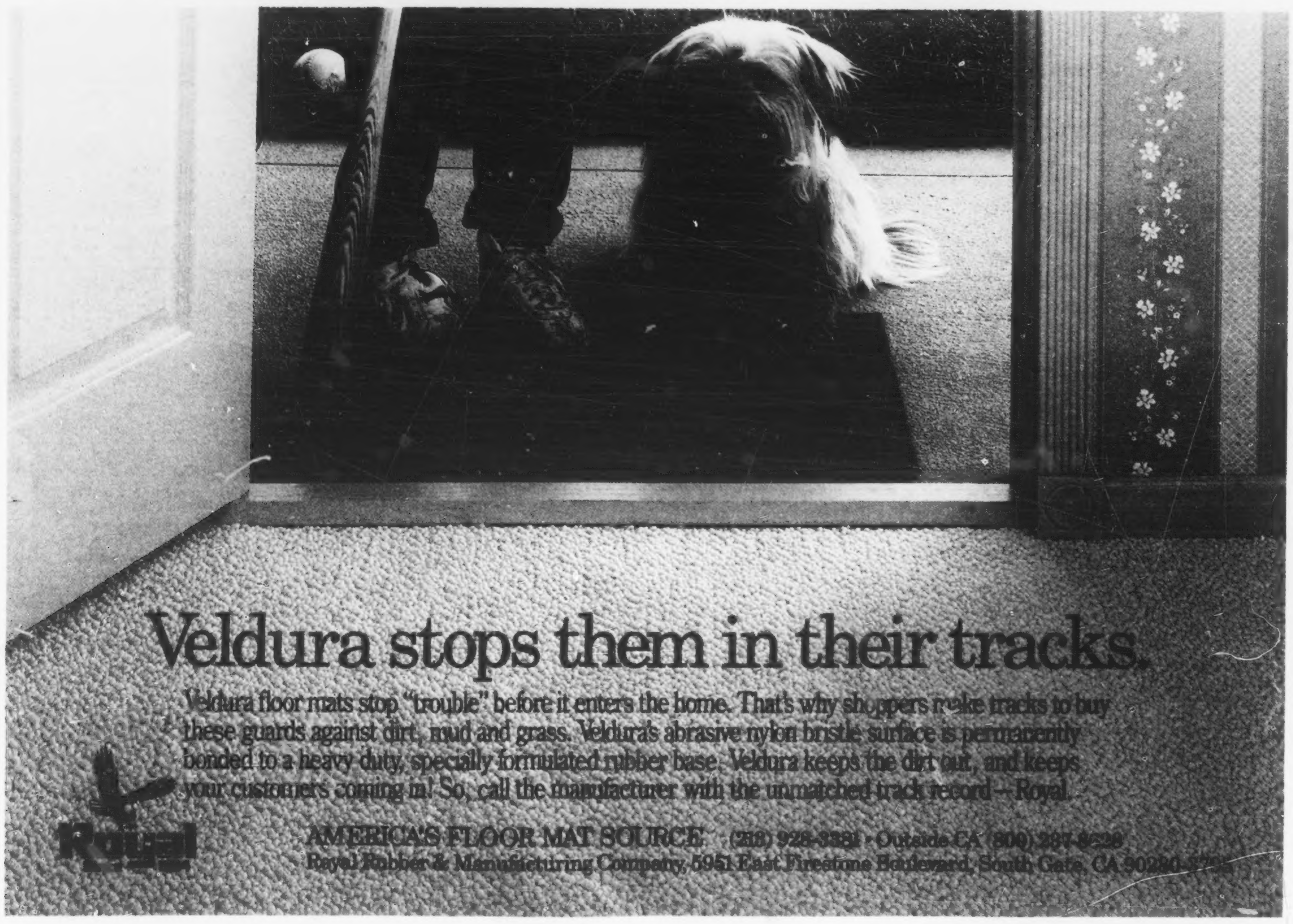

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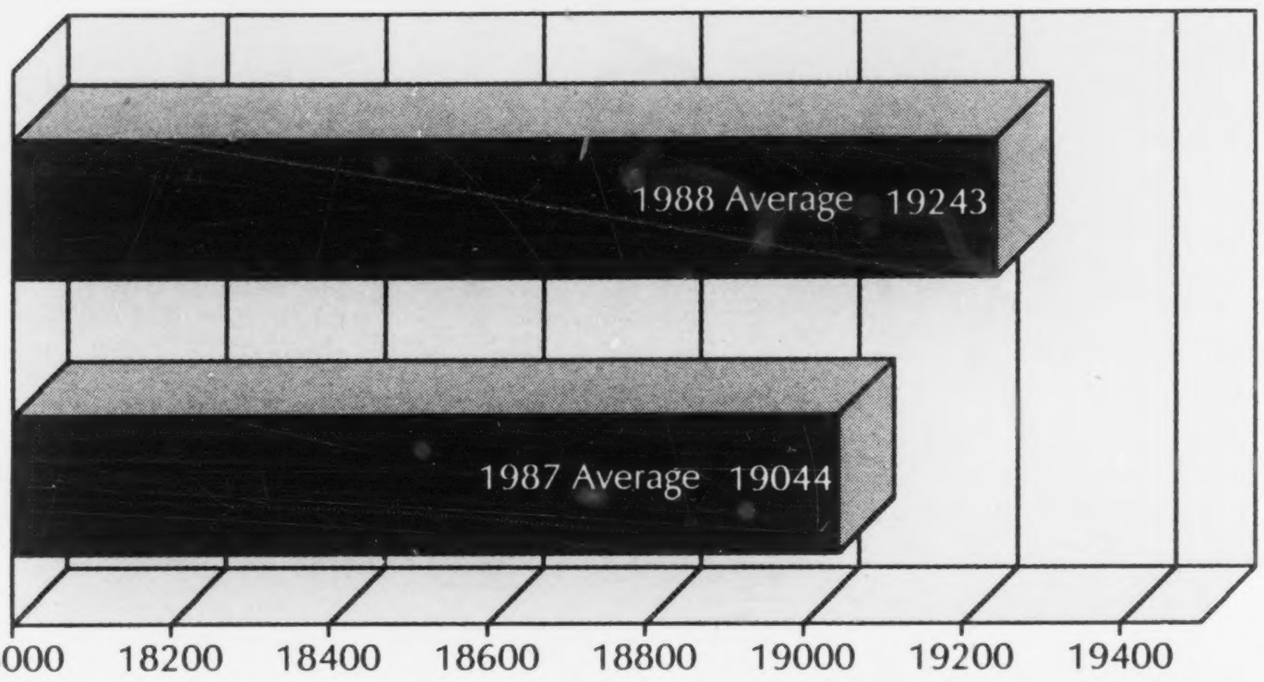
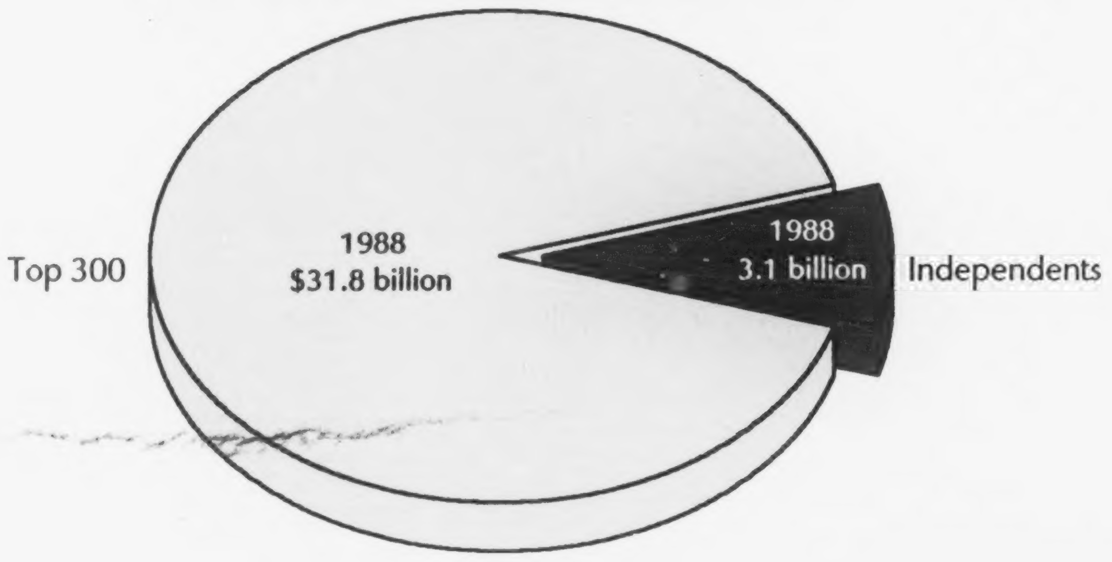
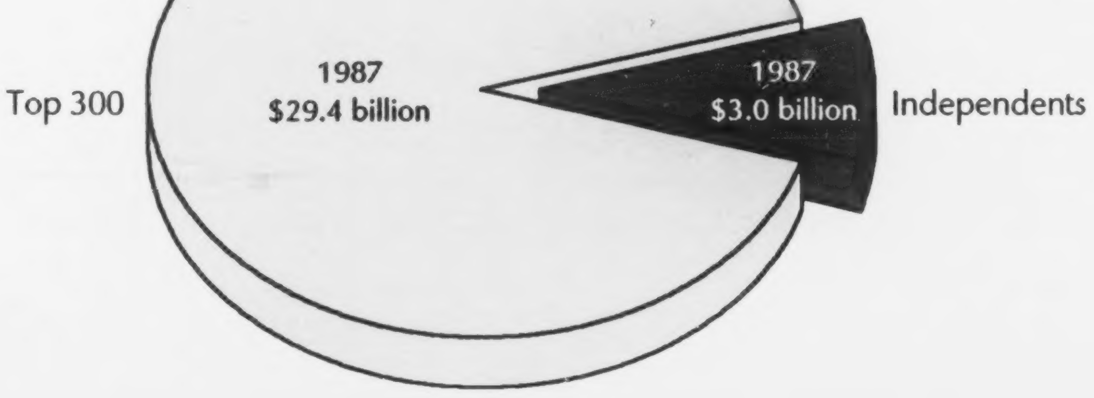


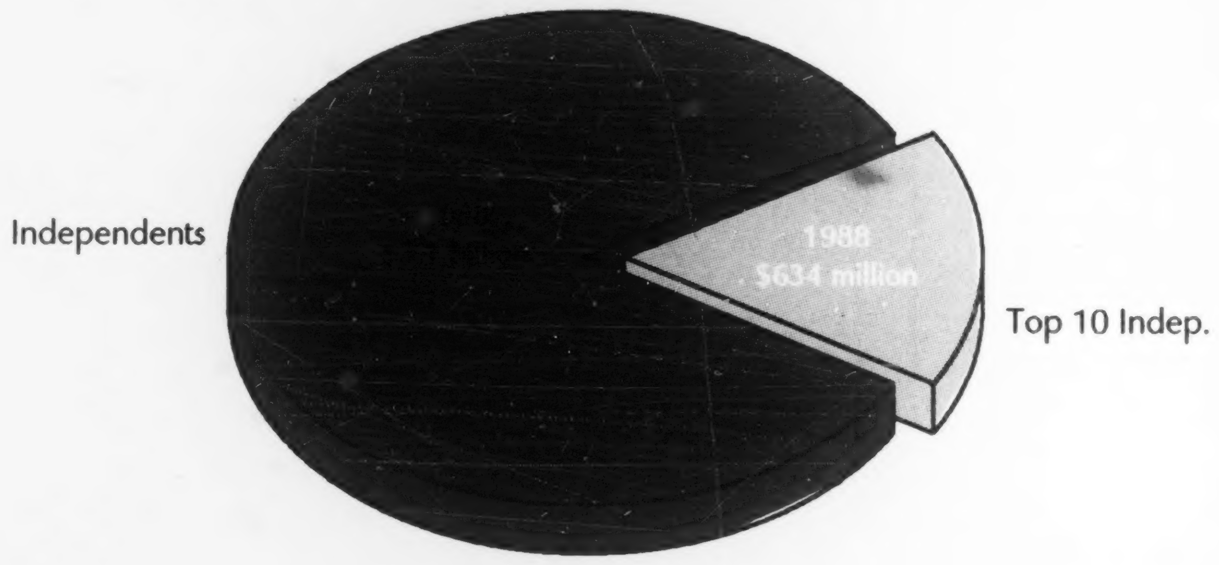
**Independents* make up 9.7 percent of the Top 300 in 1988 . . .**



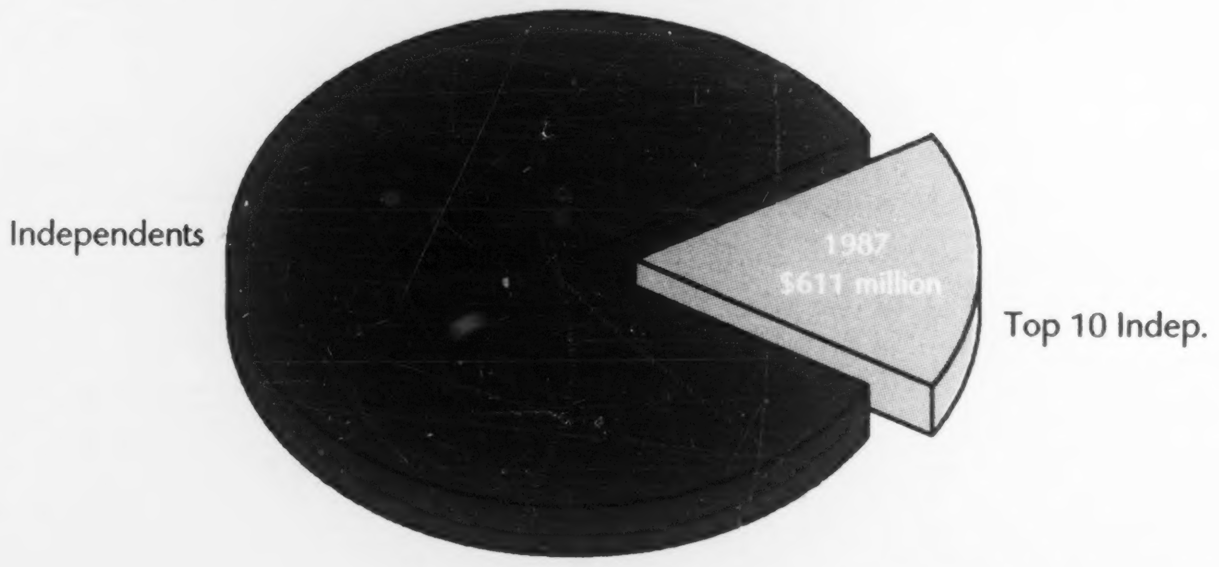
**. . . down from 10.2 percent in 1987.**



**The Top 10 independents make up 19.8 percent of all independents on the Top 300 in 1988 . . .**



**. . . up slightly from 19.7 percent in 1987.**



*Independents are those companies with three or fewer stores

# Independents' hold in marketplace slides in 1988

There are small guys, and then there are *small* guys.

Even among independent dealers, there's a pecking order. But as a whole, it appears that independents' hold on the marketplace is slipping a bit, if their percentage share of the total last year is any indication.

Among the Top 300 retailers, 119 companies—almost two-fifths—operated three or fewer stores last year. These independents' claim to fame is usually strong service, a product mix more attentive to local consumer preferences, and convenience to professionals and DIYers alike.

The "typical" independent store among the 215 units these companies operated did $14.4 million in sales last year, and stocked around 13,300 items out of a 19,243-square-foot showroom that got slightly less than three-quarters of its business from contractors and remodelers.

But when it comes to home improvement centers, typical descriptions hardly do justice to the diversity to be found nationwide, and this is true of independent dealers as well.

These includes James Lumber, the 4,500-square-foot, contractor-oriented yard in Huntington Beach, Calif., that did an estimated $80 million last year; to Olshan Lumber in Houston, whose two 30,000-square-foot units generated $20 million; to the 120,000-square-foot Sackett & Peters in Whittier, Calif., which stocks 37,000 items and did $15 million last year.

The 119 dealers with three or fewer stores that were tracked by *NHCN* realized an aggregate sales gain of 3 percent, to $3.09 billion, which is considerably less than the 9 percent growth enjoyed by the combined Top 300 retailers.

And, as the accompanying chart shows, the market appears to be growing *away* from these companies, too.

Even though the difference in market share between 1988 and 1987 for this collection of dealers is minuscule—4 percent of $77 billion versus 4.2 percent of $71 billion, respectively—the fact that these retailers' sales growth was also slower than the industry's larger-dealer segment presents some problems for smaller operators.

This is even more pronounced when one finds that, within the Top 300 dealers, the independents' market share has fallen to 9.7 percent in 1988 from 10.2 percent a year earlier.

This is not to say, though, that independents are sitting by idly, watching the bigger chains eat their lunch. Overall, these companies expanded internally, and the typical independent added around 200 square feet and 150 skus to his store.

And there were some real success stories among this group of dealers. Shelly Enterprises, the three-store dealer in Souderton, Pa., saw its sales rise 50 percent to $30 million in 1988, and three other companies—Davidson's Industry in Southport, Ind.; Fairfax Lumber in Springfield, Va., and Mead Clark Lumber in Santa Rosa, Calif.—increased their respective volumes by 25 percent.

A number of dealers boosted the size of their showrooms, including Moynihan Lumber in North Reading, Pa., which went from 4,500 square feet to 6,200, and Buena Park Lumber in California, whose showroom grew by 1,000 to 26,000 square feet.

# RETAIL CENSUS

# INTERNATIONAL REPORT

## TOP JAPANESE HOME CENTERS

| Rank | Company | Sales $ Mil. '88 | Sales $ Mil. '87 | Number of Stores '88 | Number of Stores '87 | Avg. Skus 000 | Avg. Store 000 sq.ft. |
|---|---|---|---|---|---|---|---|
| 1 | **Viva Home**, Ageo-Shi,Saitama | $520.4 | $437.1 | 41 | 39 | NA | 16.6 |
| 2 | **Keiyo,** Chiba-Shi, Chiba | 448.3 | 376.9 | 49 | 45 | NA | 14.3 |
| 3 | **Iseya,** Isesaki-Shi, Gunma | 431.2 | 366.5 | NA | 70 | NA | 14.0 |
| 4 | **Kama,** Kariya-Shi, Aichi | 375.0 | 345.7 | 29 | 28 | NA | 25.9 |
| 5 | **Tokyu Hands,** Sibuya-ku,Tokyo | 370.2 | 317.4 | 7 | 7 | NA | 53.3 |
| 6 | **Joyful Honda,** Tuchiura-Shi, Baragi | 282.5 | 241.6 | NA | 6 | NA | 32.6 |
| 7 | **Ishiguro Homa,** Sapporo-Shi Hokkaido | 205.9 | 170.2 | 21 | 17 | NA | 15.6 |
| 8 | **DO IT,** Yono-shi, Saitama | 198.9 | 156.1 | 17 | 17 | NA | 34.1 |
| 9 | **Shimachu,** Omiya-Shi, Saitama | 175.4 | 154.6 | 15 | 15 | NA | 19.6 |
| 10 | **Juntendo,** Masuda-Shi, Shimane | 168.7 | 142.7 | 123 | 115 | NA | 6.1 |
| 11 | **Komeri,** Niigata-Shi, Niigata | 162.1 | 130.1 | 74 | 65 | NA | 7.4 |
| 12 | **Mr. Max,** Fukuoka-Shi, Fukuoka | 161.3 | 135.3 | 13 | 13 | NA | 16.9 |
| 13 | **Nakai,** Tokushima-Shi, Tokushima | 160.0 | 139.0 | NA | 23 | NA | 15.8 |
| 14 | **Kanseki,** Utsunomiya-Shi, Tochigi | 152.4 | 138.2 | 25 | 21 | NA | 20.4 |
| 15 | **Encho,** Shizuoka-Shi, | 148.7 | 134.6 | 11 | 9 | NA | 23.8 |
| 16 | **Daio,** Yokohama-Shi, Kanagawa Shizuoka | 141.2 | 122.7 | 5 | 5 | NA | 17.7 |
| 17 | **Sandei,** Kachinoke-Shi, Aomori | 136.0 | 127.1 | 22 | 21 | NA | 11.1 |
| 18 | **Yamshin,** Mito-Shi, Ibaragi | 134.6 | 127.1 | 11 | 11 | NA | 20.3 |
| 19 | **Osuka,** Toyama-Shi, Toyama | 130.8 | 116.0 | 14 | 14 | NA | 19.8 |
| 20 | **Sekichu,** Takasaki-Shi, Gunma | 127.1 | 115.2 | 11 | 11 | NA | 25.8 |

$1.00 = 134.5 Yen
Source: Diamond-Friedman, Inc.

*NHCN* chart

## LEADING CANADIAN BUYING GROUPS

| Rank | Company | Sales $ Mil. '88 | Sales $ Mil. '87 | Number of Stores '88 | Number of Stores '87 | Avg. Skus 000 | Avg. Store 000 sq.ft. |
|---|---|---|---|---|---|---|---|
| 1 | **Independent Lumber Dealers Co-operative,** Toronto | $927 | $784 | 152 | 141 | 13 | 16 |
| 2 | **Home Hardware,** St. Jacobs, Ont. | 632 | 548 | 990 | 970 | 13 | 13 |
| 3 | **Tim-Br-Mart,** Vancouver | 527 | 471 | 167 | 165 | 15 | 25 |
| 4 | **Rona-Dismat,** Boucherville, Que. | 410 | 393 | 529 | 491 | 8 | 10 |
| 5 | **Sodisco/D.H. Howden** Victoriaville, Que./London, Ont. | 322 | 240 | 4,000 | 4,000 | 8 | 6 |

$1.00 = $1.18 Canadian
Source: Companies listed

*NHCN chart*

## LEADING CANADIAN RETAILERS

| Rank | Company | Sales $ Mil. '88 | Sales $ Mil. '87 | Number of Stores '88 | Number of Stores '87 | Avg. Skus 000 | Avg. Store 000 sq.ft. |
|---|---|---|---|---|---|---|---|
| 1 | **Canadian Tire,** Toronto | $2191 | $2023 | 408 | 404 | 40 | 25 |
| 2 | **Beaver Lumber,** Markham, Ont. | 842 | 731 | 192 | 197 | 10 | 12 |
|  | **Groupe Val Royale,** Montreal | 130** | 98 | 14 | 14 | 22 | 33 |
| 3 | **Cashway,** Brampton, Ont. | 265* | 260 | 61 | 57 | 10 | 10 |
| 4 | **J. Pascal,** Montreal | 177 | 162 | 23 | 22 | 35 | NA |
| 5 | **Revelstoke,** Langley, B.C. | 126 | 110 | 27 | 26 | 25 | 25 |
| 6 | **Lumberland,** Burnaby, B.C. | 90* | NA | 15 | 14 | 18 | 20 |
| 7 | **Lansing Buildall,** Toronto | 60* | NA | 7 | 7 | 15* | 20 |
| 8 | **Totem**, Calgary, Alberta | 46 | 40 | 8 | 7 | 8 | 15 |
| 9 | **Goineau-Bousquet,** Laval, Que. | 24 | 19 | 2 | 1 | 40 | 75 |

$1.00 = $1.18 Canadian
*NHCN estimates
**Numbers are also included in totals of Beaver, which is part owner of company.
Source: Companies listed

*NHCN* chart

## TOP GERMAN HOME CENTERS

| Rank | Parent Co. | Home Center Chain(s) | Volume U.S. $ | Number of Stores |
|---|---|---|---|---|
| 1 | **Asko** | Praktiker | 419 | 52 |
|  |  | Extra |  | 28 |
|  |  | Esbella |  | 2 |
|  |  | Realkauf | 210 | 20 |
|  |  | Continent |  | 3 |
|  |  | Massa | 314 | 23 |
| 2 | **Tengelmann** | OBI | 680 | 179 |
| 3 | **Bauhaus** | Bauhaus | 498 | 103 |
| 4 | **co op** | plaza/bau & hobby | 293 | 103 |
| 5 | **Metro** | Metro |  | 14 |
|  |  | BLV |  | 17 |
|  |  | Meister | 288 | 5 |
|  |  | Huma |  | 4 |
| 6 | **Stinnes** | Stinnes | 270 | 55 |
| 7 | **Max Bahr** | Bahr | 262 | 43 |
| 8 | **hagebau** | hagebaumärkte | 233 | 100 |
|  |  | hagebaushops | 10.5 | 35 |
| 9 | **Interpares** | Interpares | 202 | 97 |
| 10 | **AVA** | Marktkauf | 128 | 17 |
|  |  | dixi | 21 | 6 |
| 11 | **Hornbach** | Hornbach | 146 | 21 |
| 12 | **Mobau** | m-baumarkt | 131 | 51 |
| 13 | **Wirichs** | Wirichs | 123 | 24 |
| 14 | **Spar** | Bauspar | 115 | 18 |
|  |  | famka |  | 9 |
| 15 | **Distributa** | hcla | 105 | 18 |

Source: *bau & heimwerker markt* magazine

$1.00 = 1.909 DM

## TOP BRITISH HOME CENTERS

| Rank | Company | Sales $ Mil. '88 | Sales $ Mil. '87 | Number of Stores '88 | Number of Stores '87 | Avg. Skus 000 | Avg. Store 000 sq.ft. |
|---|---|---|---|---|---|---|---|
| 1 | **B&Q plc,** Southampton | $1308 | $1064 | 239 | 219 | 25 | 39 |
| 2 | **Texas Homecare,** Wellingborough | 698 | 586 | 198 | 155 | 20 | 31 |
| 3 | **Wickes plc**, London** | 601 | 205 | 202 | 68 | 3 | 25 |
| 4 | **Payless DIY,** Sevenoaks | 323 | 278 | 97 | 92 | 25 | 23 |
|  | **A.G. Stanley,** Cheshire* | 250 | 148 | 450 | 300 | 8 | 5 |
| 5 | **Do-It-All,** West Midlands | 422 | 320 | 107 | 91 | 20 | 30 |
| 6 | **Homebase,** Surrey | 287 | 215 | 47 | 38 | 22 | 26 |
| 7 | **Great Mills**, Bristol | 242 | 178 | 74 | 63 | 26 | 27 |
| 8 | **Wilkenson Hardware,** Nottinghamshire | 135 | 101 | 78 | 68 | 8 | 5 |
| 9 | **J.H. Leeke & Sons**, Pontyclun | 57 | 37 | 3 | 3 | 32 | 135 |
| 10 | **Robert Dyas Ltd.**, Croydon | 35 | 30 | 37 | 36 | 15 | 4 |
| 11 | **Focus**, Birmingham | 27 | 10 | 13 | 6 | NA | 23 |

Conversion rate: $1.666 = £1
*A.G. Stanley was purchased by Payless DIY
**In October 1988, Wickes bought Hunter Timber Group, a chain of contractor yards. Above figures include last three months of Hunter's fiscal year. Wickes alone operates 77 stores. If both companies' annualized sales combined, Wickes did $1.13 billion in 1988.
Sources: Companies listed

*NHCN* chart

## TOP FRENCH HOME CENTERS

| Rank | Company | Total Sales $ Mil. | Number of Stores | Average Store Size (in sq. ft.) |
|---|---|---|---|---|
| 1 | **Castorama** | $789 | 84 | 55,000 |
| 2 | **Leroy Merlin** | 604 | 45 | 60,000 |
| 3 | **Bricomarche*** | 575 | 120 | 16,000 |
| 4 | **Mr. Bricolage** | 310 | 205 | 5,000 |
| 5 | **OBI France** | 232 | 59 | 35,000 |
| 6 | **Bricorama** | 170 | 64 | 17,000 |
| 7 | **Bricofrance** | 102 | 64 | 10,000 |
| 8 | **BHV** | 92 | 21 | 75,000 |
| 9 | **Briker** | 87 | 20 | NA |
| 10 | **Gagmi** | 83 | 91 | 6,000 |

**NHCN* estimate

Sources: *Points Vente* magazine; DIY Superstore

$1.00 = 6.4 FF

## RETAIL CENSUS

# Discount chains seize DIY home improvement sales

**By Brad Altman**

NATIONAL REPORT — Underscoring the competitive nature of the DIY business, consumers are purchasing substantial amounts of home improvement-related products from non-home center-related sources, primarily mass merchandisers and discount stores.

While the first rash of hypermarkets which opened in 1988 failed to present a competitive threat to home centers, the 10 leading mass merchant and discount chains posted home-improvement sales of approximately $14.4 billion in 1988, by *NHCN* estimates (*see chart*). That compares with $13.9 billion in sales generated in 1988 from the 10 largest home centers.

Yet there is "likely to be a thinning out of non-home improvement retailers selling home improvement," according to George Rosenbaum, president of Leo J. Shapiro and Associates, Chicago.

Discounters and mass merchandisers "staying in the business will get stronger and more powerful," Rosenbaum said. "The share of business done by home centers is going to grow very, very, slowly. Not by any means are we at a point where the home center industry is going to have the dominant share of total home improvement business."

A consumer poll conducted for *NHCN* by Leo J. Shapiro four years ago indicated that more than 4 out of 10 consumers in seven selected metropolitan markets did not use the home center as their primary source of supply. Rosenbaum said he believes that situation has not changed, noting a more recent study by Black & Decker which found that only 35 percent of all retail power tool sales are made at home centers.

*K mart, the Troy, Mich.-based retailer, last year expanded its selection of basic hardware and home improvement products and is developing and enlarging its Home Care Centers now located in 328 K mart stores.* NHCN photo

### K mart expands dept.

In any discussion of discounters selling home improvement products, K mart would have to be mentioned. The Troy, Mich.-based retailer last year expanded its selection of basic hardware and home improvement products and is developing and enlarging its Home Care Centers now located in 328 stores.

The Home Care Centers vary in size, but a majority contain 1,200 stockkeeping units in approximately 15,000 square feet of selling space. Items include dimensional lumber, kitchen cabinets, bathroom vanities, hardware, power tools, paint, electrical and plumbing products, a K mart spokesperson said.

Another relatively new non-home center format finding success with DIY-related product selling are the general merchandise warehouse clubs. These clubs generally do not attempt to match the breadth of merchandise available in home centers, preferring to offer a single model of a power tool at a competitive price.

For home center dealers, the general merchandise clubs offer no insurmountable competition and in fact general merchandise clubs and home centers have been able to peacefully coexist next door to each other in some areas.

Costco, the general merchandise membership warehouse club founded six years ago in Seattle, now has 52 units, of which seven share parking lots with HomeClub outlets in the Western United States with an eighth being planned, said Costco president Jim Sinegal.

Sinegal told *NHCN* that about 10 percent of Costco's sales are generated by home improvement products. Nonetheless, he added, HomeClub units "seem to prosper next-door to us."

### Slow growth in hardlines

While discounters and mass merchants are unlikely to retreat from selling DIY-related merchandise, observers note that their most profitable departments are softgoods-related, and this is where these merchants appear to be focusing most of their efforts.

| | | | |
|---|---|---|---|
| Sears,<br>Chicago (MM) | $30.3 bil. | $4.5 bil.* | 825 |
| K mart,<br>Troy, Mich. (DS) | 27.3 bil. | 4.1 bil.** | 2,243 |
| Wal-Mart,<br>Bentonville, Ark. (DS) | 20.6 bil. | 3.1 bil. | 1,279 |
| Target,<br>Minneapolis, Minn. (DS) | 6.3 bil. | 630 mil. | 349 |
| Montgomery Ward,<br>Chicago (MM) | 4.7 bil. | 235 mil. | 327 |
| Price Club, San Diego,<br>Calif. (CLUB) | 4.0 bil. | 480 mil. | 42 |
| Ames, Rocky Hill,<br>Conn. (DS) | 3.4 bil.*** | 510 mil. | 688 |
| Fred Meyer, Portland,<br>Ore. (DS) | 2.1 bil. | 357 mil. | 112 |
| Costco, Seattle,<br>Wash. (CLUB) | 2.0 bil. | 200 mil. | 52 |
| Bradlees, Braintree,<br>Mass. (DS) | 1.9 bil. | 285 mil. | 131 |

Of 13 merchandise categories sold by discounters, hardware products were among the slowest-growing category, according to a study by *Discount Store News*. In the most recent year for which figures have been compiled, sales of hardware products in discount stores gained 2.9 percent in 1987 to $7 billion, *DSN* reported.

But it appears that a number of companies are looking for ways to expand this part of their business. Target, an upscale discount department store chain which recently took over 30 former Gold Circle-Richway stores, raised its store count to 379. According to spokesperson Gail Dorn, the retailer is planning to "test a lot of things" in new markets. "I wouldn't be surprised if home improvement products" are on the list, she said.

At Portland, Ore.-headquartered Fred Meyer, spokesman Rob Boley said the 112-unit chain considers the full-line Home and Garden Department one of its four key departments in its stores. The retailer does not break out departmental sales but Boley said non-food sales are about two-thirds of the retailer's total $2.1 billion volume in its latest fiscal year.

Among mass merchants, Sears remains the major seller of DIY products.

Sears' much-publicized image change to everyday low prices at its 825 stores will likely have an impact on the home center market, as Sears expands low-price promotions on DIY-related brand-name goods and continues to rely on its private-label products such as Kenmore washers and Craftsman tools.

Rosenbaum of Leo J. Shapiro said, "In major home-improvement product categories such as portable power tools, there's no question that Sears is the dominant retailer. That is a share of market Sears is likely to maintain if not grow, given its current effort to drive a lot of traffic through its store with a new low-price policy."

Sears also is trying to expand home center-related product offerings through separate specialty stores such as its Sears Ltd., which now has two stores open in the Chicago market. Gordon Jones, a spokesman for Sears Merchandise Group, said, "We are looking at hardlines and home improvement because we see a lot of growth opportunity."

Unlike Sears, Montgomery Ward, which last fall lowered prices on over 10,000 items and expanded discount pricing to name-brand items, has deemphasized its reliance on home improvement items. Chuck Thorne, media relations manager for Montgomery Ward, said the chain continues to sell Glidden paint as well as a private label in its seasonal department, but has eliminated hammers, power tools and plumbing items from its merchandise mix.

SEARS
PAINT & HARDWARE

*Sears' change to everyday low prices at its 825 stores is likely to have an impact on the home center market, as it expands low-price promotions on DIY-related brand-name goods.* NHCN photo

## RETAIL CENSUS

# California sets sales pace for the nation in hardware, lumber and building materials sales

*By an NHCN staff editor*

NATIONAL REPORT — The retail sales of lumber, building materials and hardlines have grown by more than 75 percent over the past five years and are expected to increase another 10 percent in 1989 to $107 billion.

And it appears that California—the state with probably the greatest number of home center units in the country—will continue to lead other states in total sales going into the 1990s.

However, there also appears to be a shift in where a good portion of the retail buying activity is occurring, and states such as Florida, Texas and New Jersey can be expected to play a more significant role in the overall growth of the home improvement industry in the next decade.

### 7 of top 50 metro areas

The *Editor and Publisher* statistics confirm that, despite consolidation in some pockets around the country, retail home improvement sales remain fairly dispersed beyond the largest metro areas. In fact, the top 50 sales markets are expected to take less of the total pie this year—an aggregate of 41.6 percent—than the 42 percent they generated in 1988.

This is not to say, however, that the largest markets won't continue to command the biggest chunk of the retail home improvement business. California is expected to capture 11.5 percent of the national total, with the metropolitan area of Los Angeles alone

(Continued on page 76)

| Rank | City (Metro Area) | 1988 Bldg mat'l Sales vol. $ mil. | 1989 Bldg mat'l Sales vol. $ mil. | Percent Change |
|---|---|---|---|---|
| 1 | Los Angeles | 2594.3 | 2889.3 | 11.4 |
| 2 | Chicago | 1760.6 | 1870.1 | 6.2 |
| 3 | New York | 1574.3 | 1649.8 | 4.8 |
| 4 | Atlanta | 1376.9 | 1640.5 | 19.1 |
| 5 | Boston | 1521.8 | 1614.3 | 6.1 |
| 6 | Philadelphia | 1441.9 | 1610.4 | 11.7 |
| 7 | Houston | 1621.8 | 1589.4 | − 2.0 |
| 8 | Detroit | 1306.5 | 1506.0 | 15.3 |
| 9 | Long Island, N.Y. | 1190.2 | 1311.6 | 10.2 |
| 10 | Washington D.C. | 1172.2 | 1293.8 | 10.4 |
| 11 | Anaheim/Santa Anna, Calif. | 1148.7 | 1269.8 | 10.5 |
| 12 | Minneapolis/St. Paul, Minn. | 1138.7 | 1242.0 | 9.1 |
| 13 | Dallas | 1113.3 | 1187.1 | 6.6 |
| 14 | Phoenix | 911.0 | 1063.2 | 16.7 |
| 15 | Riverside/San Bernardino, Calif. | 898.9 | 1045.3 | 16.3 |
| 16 | St. Louis | 943.5 | 1023.5 | 8.5 |
| 17 | Seattle | 838.6 | 943.3 | 12.5 |
| 18 | Tampa/St. Petersburg, Fla. | 841.1 | 938.3 | 11.6 |
| 19 | San Diego | 760.3 | 898.9 | 18.2 |
| 20 | Denver | 880.0 | 896.2 | 1.8 |
| 21 | Baltimore | 713.3 | 844.5 | 18.4 |
| 22 | Oakland, Calif. | 765.9 | 835.7 | 9.1 |
| 23 | Sacramento, Calif. | 916.8 | 743.5 | −18.9 |
| 24 | San Jose, Calif. | 665.0 | 698.1 | 5.0 |
| 25 | Pittsburgh, Pa. | 633.5 | 681.0 | 7.5 |
| 26 | Newark, N.J. | 607.1 | 676.7 | 11.5 |
| 27 | San Francisco | 603.1 | 671.6 | 11.4 |
| 28 | Ft. Worth/Arlington, Texas | 561.5 | 646.3 | 15.1 |
| 29 | Miami/Haileah, Fla. | 622.8 | 639.1 | 2.6 |
| 30 | Kansas City, Mo. | 560.1 | 613.1 | 9.5 |
| 31 | San Antonio, Texas | 544.9 | 601.8 | 10.4 |
| 32 | Orlando, Fla. | 542.3 | 593.6 | 9.5 |
| 33 | Austin, Texas | 550.1 | 590.9 | 7.4 |
| 34 | Charlotte, N.C. | 495.1 | 562.9 | 13.7 |
| 35 | Oklahoma City | 571.6 | 562.1 | − 1.7 |
| 36 | Bergen-Passaic, N.J. | 490.4 | 552.3 | 12.6 |
| 37 | Cleveland | 479.2 | 512.0 | 6.8 |
| 38 | Indianapolis | 467.3 | 509.5 | 9.0 |
| 39 | Norfolk/Virginia Beach, Va. | 451.1 | 506.1 | 12.2 |
| 40 | Ft. Lauderdale/Hollywood, Fla. | 483.0 | 498.8 | 3.3 |
| 41 | Monmouth-Ocean, N.J. | 393.1 | 491.7 | 25.1 |
| 42 | Cincinnati | 451.2 | 488.8 | 8.3 |
| 43 | Salt Lake City | 454.1 | 479.6 | 5.6 |
| 44 | Columbus, Ohio | 424.0 | 467.7 | 10.3 |
| 45 | Middlesex/Somerset/Hunterdon, N.J. | 382.4 | 453.7 | 18.6 |
| 46 | Hartford, Conn. | 421.5 | 450.2 | 6.8 |
| 47 | New Orleans | 461.8 | 444.1 | − 3.8 |
| 48 | Bridgeport/Stanford, Conn. | 402.8 | 441.3 | 9.6 |
| 49 | Milwaukee | 411.2 | 434.5 | 5.7 |
| 50 | Portland, Ore. | 338.5 | 418.8 | 23.7 |
|  | Total | 40,899.3 | 44,592.8 | 9.4 |

Source: Editor and Publisher

*NHCN* chart

| RANK | STATE | $000 1984 | $000 1985 | $000 1986 | $000 1987 | $000 1988 | $000 1989 | 5 Year % Change |
|---|---|---|---|---|---|---|---|---|
| 1 | California | 7,195,007 | 9,148,669 | 7,948,435 | 9,997,757 | 10,791,437 | 12,271,232 | 71 |
| 2 | Texas | 4,747,747 | 5,526,584 | 6,313,184 | 7,509,681 | 8,186,329 | 8,675,053 | 83 |
| 3 | Florida | 2,873,065 | 3,675,925 | 4,195,137 | 5,162,129 | 5,650,467 | 6,345,591 | 121 |
| 4 | New York | 2,603,001 | 3,356,978 | 3,814,453 | 4,582,843 | 5,035,120 | 5,449,515 | 109 |
| 5 | Pennsylvania | 2,303,223 | 2,924,450 | 2,936,517 | 3,612,726 | 3,764,572 | 4,197,617 | 82 |
| 6 | Illinois | 2,509,295 | 3,149,354 | 2,964,943 | 3,618,849 | 3,840,915 | 4,143,961 | 65 |
| 7 | Michigan | 2,046,030 | 2,672,920 | 2,374,984 | 2,910,076 | 3,228,616 | 3,685,578 | 80 |
| 8 | Ohio | 2,227,864 | 2,813,768 | 2,550,749 | 3,251,940 | 3,304,288 | 3,591,415 | 61 |
| 9 | North Carolina | 1,625,838 | 2,253,658 | 2,412,393 | 2,986,589 | 3,008,706 | 3,443,849 | 112 |
| 10 | Georgia | 1,368,882 | 1,760,643 | 2,042,085 | 2,513,539 | 2,687,019 | 3,123,212 | 128 |
| 11 | New Jersey | 1,438,567 | 1,797,925 | 2,035,217 | 2,531,165 | 2,666,903 | 3,095,050 | 115 |
| 12 | Massachusetts | 1,283,771 | 1,756,761 | 1,873,896 | 2,312,185 | 2,367,428 | 2,627,893 | 105 |
| 13 | Minnesotta | 1,704,597 | 2,177,394 | 1,878,722 | 2,319,704 | 2,359,060 | 2,585,643 | 52 |
| 14 | Virginia | 1,413,470 | 1,773,526 | 1,611,855 | 1,992,567 | 2,171,252 | 2,443,539 | 73 |
| 15 | Washington | 1,336,555 | 1,694,959 | 1,596,108 | 1,857,296 | 2,037,892 | 2,310,926 | 73 |
| 16 | Missouri | 1,374,409 | 1,732,083 | 1,665,076 | 1,884,267 | 2,074,472 | 2,300,571 | 67 |
| 17 | Indiana | 1,421,049 | 1,744,818 | 1,691,459 | 1,935,689 | 2,160,810 | 2,295,205 | 62 |
| 18 | Wisconsin | 1,258,924 | 1,592,068 | 1,473,909 | 1,835,569 | 1,912,585 | 2,112,457 | 68 |
| 19 | Louisiana | 1,036,018 | 1,252,053 | 1,588,127 | 1,811,675 | 2,062,052 | 2,045,389 | 97 |
| 20 | Colorado | 1,224,952 | 1,459,499 | 1,432,574 | 1,716,211 | 1,888,142 | 2,017,001 | 65 |
| 21 | Tennessee | 1,202,409 | 1,569,354 | 1,272,002 | 1,592,722 | 1,674,766 | 1,865,293 | 55 |
| 22 | Maryland | 743,078 | 997,602 | 1,236,459 | 1,486,190 | 1,514,491 | 1,747,803 | 135 |
| 23 | Arizona | 848,347 | 1,087,910 | 1,102,386 | 1,438,382 | 1,491,799 | 1,719,860 | 103 |
| 24 | South Carolina | 823,741 | 1,030,425 | 1,092,096 | 1,351,933 | 1,427,049 | 1,567,535 | 90 |
| 25 | Alabama | 957,815 | 1,201,666 | 1,503,104 | 1,305,816 | 1,393,934 | 1,560,034 | 63 |
| 26 | Oklahoma | 1,007,008 | 1,150,581 | 1,277,661 | 1,433,516 | 1,504,480 | 1,528,272 | 52 |
| 27 | Iowa | 1,002,693 | 1,215,529 | 1,070,011 | 1,216,762 | 1,440,189 | 1,504,156 | 50 |
| 28 | Connecticut | 736,455 | 946,671 | 1,027,674 | 1,283,859 | 1,322,763 | 1,457,802 | 98 |
| 29 | Kentucky | 930,887 | 1,132,411 | 1,043,113 | 1,217,250 | 1,330,516 | 1,423,549 | 53 |
| 30 | Kansas | 770,661 | 935,768 | 858,957 | 1,008,600 | 1,167,170 | 1,218,105 | 58 |
| 31 | Oregon | 856,207 | 1,078,715 | 767,286 | 922,787 | 1,019,000 | 1,142,276 | 33 |
| 32 | Arkansas | 610,978 | 804,167 | 703,976 | 841,886 | 902,357 | 1,002,414 | 64 |
| 33 | Mississippi | 489,031 | 603,397 | 701,845 | 847,374 | 854,168 | 929,210 | 90 |
| 34 | New Hampshire | 419,957 | 528,497 | 531,621 | 694,703 | 744,458 | 882,097 | 110 |
| 35 | Nebraska | 483,892 | 584,796 | 601,064 | 708,287 | 827,001 | 866,559 | 79 |
| 36 | New Mexico | 420,539 | 500,860 | 580,742 | 712,666 | 770,792 | 834,326 | 98 |
| 37 | Utah | 479,614 | 579,850 | 537,778 | 656,632 | 735,398 | 784,096 | 63 |
| 38 | West Virginia | 557,469 | 666,200 | 576,380 | 667,297 | 763,813 | 766,330 | 37 |
| 39 | Maine | 371,931 | 477,671 | 464,828 | 586,375 | 600,681 | 678,921 | 83 |
| 40 | Alaska | 189,445 | 256,344 | 545,962 | 633,406 | 638,160 | 651,579 | 244 |
| 41 | Nevada | 350,393 | 424,602 | 407,481 | 510,584 | 546,948 | 603,188 | 72 |
| 42 | Idaho | 416,872 | 524,798 | 368,179 | 427,215 | 471,813 | 504,145 | 21 |
| 43 | Montana | 380,941 | 474,839 | 354,120 | 404,342 | 482,538 | 499,904 | 31 |
| 44 | North Dakota | 394,281 | 481,599 | 353,495 | 406,991 | 423,181 | 407,573 | 3 |
| 45 | Vermont | 174,520 | 223,795 | 269,517 | 340,854 | 346,453 | 405,748 | 132 |
| 46 | South Dakota | 282,142 | 340,699 | 288,888 | 329,656 | 368,370 | 392,159 | 39 |
| 47 | Rhode Island | 186,677 | 243,401 | 263,713 | 320,001 | 332,005 | 365,261 | 96 |
| 48 | Delaware | 186,022 | 230,756 | 227,410 | 278,697 | 308,184 | 338,437 | 82 |
| 49 | Wyoming | 259,743 | 228,264 | 265,903 | 305,203 | 324,820 | 323,825 | 25 |
| 50 | Hawaii | 116,538 | 146,807 | 216,809 | 261,098 | 288,159 | 321,736 | 176 |
|  | Total: | 59,642,550 | 74,932,009 | 74,910,283 | 90,533,541 | 97,213,521 | 107,052,890 | 79 |

Source: Editor and Publisher

*NHCN* chart

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# California sets sales pace, though Florida inches up

*(Continued from page 74)* claiming nearly 3 percent of that total.

Indeed, California is the home state for seven of the largest 50 metro markets for retail building products and hardlines sales, and their aggregate volume of $7.3 billion would equal nearly 7 percent of the national market.

However, when one evaluates sales growth patterns over the past five years, it is clear that California doesn't have a lock on retail home improvement business. In this period, the top five states, in terms of percentage sales growth, have been Alaska, Hawaii, Vermont, Maryland and Georgia.

Hovering just below these is Florida, which is emerging as a state of key importance to this industry.

## Sunshine State shines

That Florida is ranked third in total retail dollar volume makes its 121 percent growth rate since 1984 all the more remarkable. And a number of its metro markets are expected to outperform the nation as a whole this year. For instance, Tampa/St. Petersburg—Florida's largest market in terms of population—should garner nearly $1 billion in retail home improvement sales, a 12 percent gain over 1988.

Conversely, though, *Editor and Publisher* estimates that Florida's growth will have some weak spots: Ft. Lauderdale/Hollywood's expansion is expected to be only 3.3 percent this year; Miami/Hialeah only 2.6 percent.

Florida, which is projected to produce the third highest amount of retail building product and hardlines sales, is gaining on California and Texas as the most important market for the home improvement business.

## Northeast expands

One of the reasons Florida and California control so much of the industry's sales has been the rapid expansion into both these states by the leading home center chains.

That same expansion is now occurring in the Northeast, and this area's growth in recent years reflects this. Sales in five of the Northeast's nine states have increased by more than 100 percent since 1984, with Vermont's sales in this sector expanding 132 percent to $405 million.

New Jersey, which ranks 11th overall in retail sales, currently has four of the industry's top 50 metro markets, with Monmouth/Ocean expected to enjoy the single biggest growth rate—25 percent—of any major market nationwide, and Middlesex/Hunterdon—one of this state's strongest new home construction markets—projected to generate about $453 million, representing a 19 percent gain over 1988.

## Texas rebounds

While the Northeast flourishes, Texas is attempting to dig itself out of the hole it's been stuck in for more than four years. Dealers and wholesalers in the state have reported that things are getting better, and despite its problems, Texas' retail home improvement sales have grown faster than the nation's as a whole since 1984.

But *Editor and Publisher* is giving Texas' metro markets a mixed report card for 1989. For example, the Ft. Worth/Arlington market is seen as strong, and its sales this year are expected to increase by more than 15 percent. San Antonio is also projected to keep pace with the country as a whole.

But Houston's retail commodities and hardlines sales, according to *E&P's* projections, will be off marginally this year, and business in Dallas and Austin will expand, on a percentage basis, at a slower pace than the U.S.

## Ups and downs

The whole Oil Patch, in fact, appears to have some way to go towards complete recovery. Retail home improvement sales in New Orleans, for instance, are expected to fall off nearly 4 percent in 1989; in Oklahoma City, 2 percent.

But the biggest sales decline, surprisingly, is projected by *E&P* to be in Sacramento in northern California, whose sales will drop 19 percent to $743.5 million.

On the positive side, Portland, Ore., the 50th largest market, should see a 24 percent gain. Atlanta, the industry's fourth biggest, will have the biggest growth—$1.64 billion—of any of the top 10 metro markets this year.

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*Source: "A Profile Of The Retail Market For Adhesive And Glue Products," 1987. (Wholesaler-served retailers.)
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